



Comprehensive Annual Financial Report

Year Ended June 30, 2004

California Public Employees' Retirement System

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Comprehensive Annual Financial Report
California Public Employees' Retirement System
Year Ended June 30, 2004
Fred Buenrostro, Chief Executive Officer



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Certificate of Achievement for Excellence in Financial Reporting

Presented to
**California Public
Employees' Retirement
System**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Edward Hendry
President

Jeffrey R. Enos
Executive Director



Public Pension Coordinating Council
Public Pension Standards
2004 Award

Presented to

California Public Employees Retirement System

In recognition of meeting professional standards for
plan design and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

A handwritten signature in cursive script that reads "Alan H. Winkle".

Alan H. Winkle
Program Administrator

Introductory Section

creating communities

Our investment in a 1,200-acre master-planned community, Whitney Ranch, in Rocklin, California is having a ripple effect on a growing Northern California region. The effect is widespread, as many of the local improvements necessary to build, the new community will benefit everyone who lives and works in the surrounding area.



December 17, 2004

Members of the CalPERS Board of Administration:

I am pleased to present the CalPERS Comprehensive Annual Financial Report (CAFR) and accompanying Operations Summary for the year ended June 30, 2004.

By virtually any measure, fiscal year 2003-04 was a year of meaningful progress for our organization. It represented a year of solid execution and growth in our financial performance, more effective retirement and health benefits administration, and highly responsive customer service, for both members and employers.

We worked hard during the year to achieve and deliver a significantly stronger financial performance, which resulted in a sound investment return of 16.6 percent. The ripple effect of our investment staff's hard work will help stabilize employer rates. We also continued our national leadership role in advocating for corporate responsibility in our capital markets with a primary goal to make corporate boards accountable to shareowners. In addition, we pushed ahead to fight back against escalating health care costs by executing our health benefits cost and quality strategic plan, making significant strides in health care reform. We streamlined our customer service, improved our benefits administration, and provided strong, secure asset management.

I am proud of the outstanding accomplishments presented in this report for fiscal year 2003-04. I would like to acknowledge the leadership of our Board, and the steadfastness of our management and staff and the many contributions to our excellence from our stakeholders. I speak for all 1,600 employees who work for CalPERS, when I say we are proud and honored to serve our more than 1.4 million members and our 2,500 employers, and the taxpayers of California.

**Fred Buenrostro,
Chief Executive Officer**

CEO Letter of Transmittal (continued)

I encourage you to review the information in this report. It provides information on all the programs administered by CalPERS: Public Employees' Retirement Fund (PERF), Legislators' Retirement Fund (LRF), Judges' Retirement Fund (JRF), Judges' Retirement Fund II (JRF II), Volunteer Firefighters' Length of Service Award Fund (VFF), State Peace Officers' and Firefighters' Defined Contribution Plan Fund (SPOFF), Health Care Fund (HCF), Contingency Reserve Fund (CRF), Old Age & Survivors' Insurance Revolving Fund (OASI), Replacement Benefit Fund (RBF), Supplemental Contributions Program Fund (SCPF), Long-Term Care Fund (LTCF), Deferred Compensation Fund (DCF), and Public Agency Deferred Compensation Program (IRC 457).

Beginning in 1932, the System began providing services to State employees. In 1939, public agencies and school districts were allowed to contract with CalPERS to provide retirement benefits for their employees. While primarily responsible for administering retirement, death, and health benefits, CalPERS also administers supplemental retirement savings plans and long-term care insurance. As a service to members and employers, a variety of educational workshops and seminars are also offered.

Management Responsibility for Financial Reporting

The CalPERS financial statements included in this CAFR for the 2003-04 fiscal year have been prepared by System management, which is responsible for the integrity and fairness of the data presented, including the many amounts that out of necessity must be based on estimates and judgments. The accounting policies followed in preparation of these financial statements conform with accounting principles generally accepted in the United States of America. Financial information presented throughout this Annual Report is consistent with these financial statements.

CalPERS has established and maintains a system of internal controls designed to provide reasonable assurance that assets are properly safeguarded, transactions are properly executed, and financial statements are reliable. In addition, internal audit personnel provide a continuing review of the internal controls and operations of CalPERS, and the Chief of the Office of Audit Services regularly reports to the CalPERS Board of Administration's Finance Committee. The Committee reviews the audit findings and recommendations for improvements in internal control and operational efficiency and the actions of management to implement such recommendations.

Our independent external auditors, Deloitte & Touche LLP, have conducted an audit of the basic financial statements in accordance with auditing standards generally accepted in the United States of America, performing such tests and other procedures as they deem necessary to express an opinion in their report to the Board. The external auditors also have full and unrestricted access to the Board to discuss their audit and related findings as to the integrity of the financial reporting and adequacy of internal control systems.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to CalPERS for our Comprehensive Annual Financial Report for the fiscal year ended June 30, 2003. This was the eighth consecutive year that CalPERS has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

CEO Letter of Transmittal (continued)

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The Comprehensive Annual Financial Report

This report consists of five sections:

Introductory — contains this introduction letter and our organizational chart. Summary program information is contained in the accompanying 2003 Comprehensive Annual Financial Report Operations Summary;

Financial — resents management's responsibility for financial reporting and the independent auditors' opinion on the CalPERS basic financial statements, management's discussion and analysis, and sections on required supplemental schedules and supporting schedules;

Investment — summarizes and presents performance information for the PERE, JRF II, LRF, and VFF.

Actuarial — contains the certifications and results of the actuarial valuations as of June 30, 2002, the latest data available;

Statistical — contains significant membership and retirement data for CalPERS, Judges' Retirement System, Judges' Retirement System II, Legislators' Retirement System, Volunteer Firefighters' Length of Service Award System, Health Benefits Program, Deferred Compensation Program, and Long-Term Care Program.

Accounting System & Reports

Management is responsible for establishing and maintaining an internal control structure designed to ensure that CalPERS assets are protected from loss, theft, or misuse, and income is equally distributed. Responsibility for the accuracy, completeness, and fair presentation of the information, and all disclosures, rests with CalPERS. The basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The basic financial statements are presented in accordance with the Governmental Accounting Standards Board (GASB), including guidelines established by GASB Statement No. 25, Financial Reporting for Defined Benefit Plans, GASB Statement No. 26, Financial Reporting for Post Employment Health Care Plans Administered by Defined Benefit Plans, GASB Statement No. 34, Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments, and other GASB statements as appropriate.

GASB Statement No. 34 requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. The CalPERS MD&A can be found immediately following the report of the independent auditors.

Investments

Proper funding and healthy long-term investment returns are essential to the financial soundness of CalPERS. The ratio of investment earnings to total revenue during the last 10 years is evidence of the System's continued solid financial management.

CEO Letter of Transmittal (continued)

Asset Allocation

An integral part of the overall investment policy is the strategic asset allocation policy. This is designed to provide an optimal mix of asset classes with return expectations that reflect expected liabilities. This emphasizes a maximum diversification of the portfolio that protects the Fund from declines that a particular asset class may experience in a given period. Both traditional assets (cash, bonds, domestic stocks, domestic fixed income, and mortgages) and nontraditional assets (real estate, international stocks and fixed income, venture capital, timber investments, and leveraged buyouts) are incorporated into the mix.

Funding

The bottom line for a retirement system is its level of funding. If the funding level is adequate, the ratio of total accumulated assets to total liabilities will be larger and the need for contributions will be reduced. Also, an adequate funding level gives participants assurance that their pension benefits are secure.

The historical level of funding for the PERF is good. As of June 30, 2003, the PERF is 87.7 percent funded. The advantages of a well-funded plan are that participants can see assets that are irrevocably committed to the payment of promised benefits, and employees and taxpayers can minimize their contributions in support of defined benefits. The required supplemental schedules to the basic financial statements and the actuarial section contain a summary of CalPERS unfunded actuarial accrued liabilities.

Investment returns are used to generate additional revenues and, ultimately, this allows CalPERS to reduce employer contribution rates, reducing pension costs to employers and taxpayers.

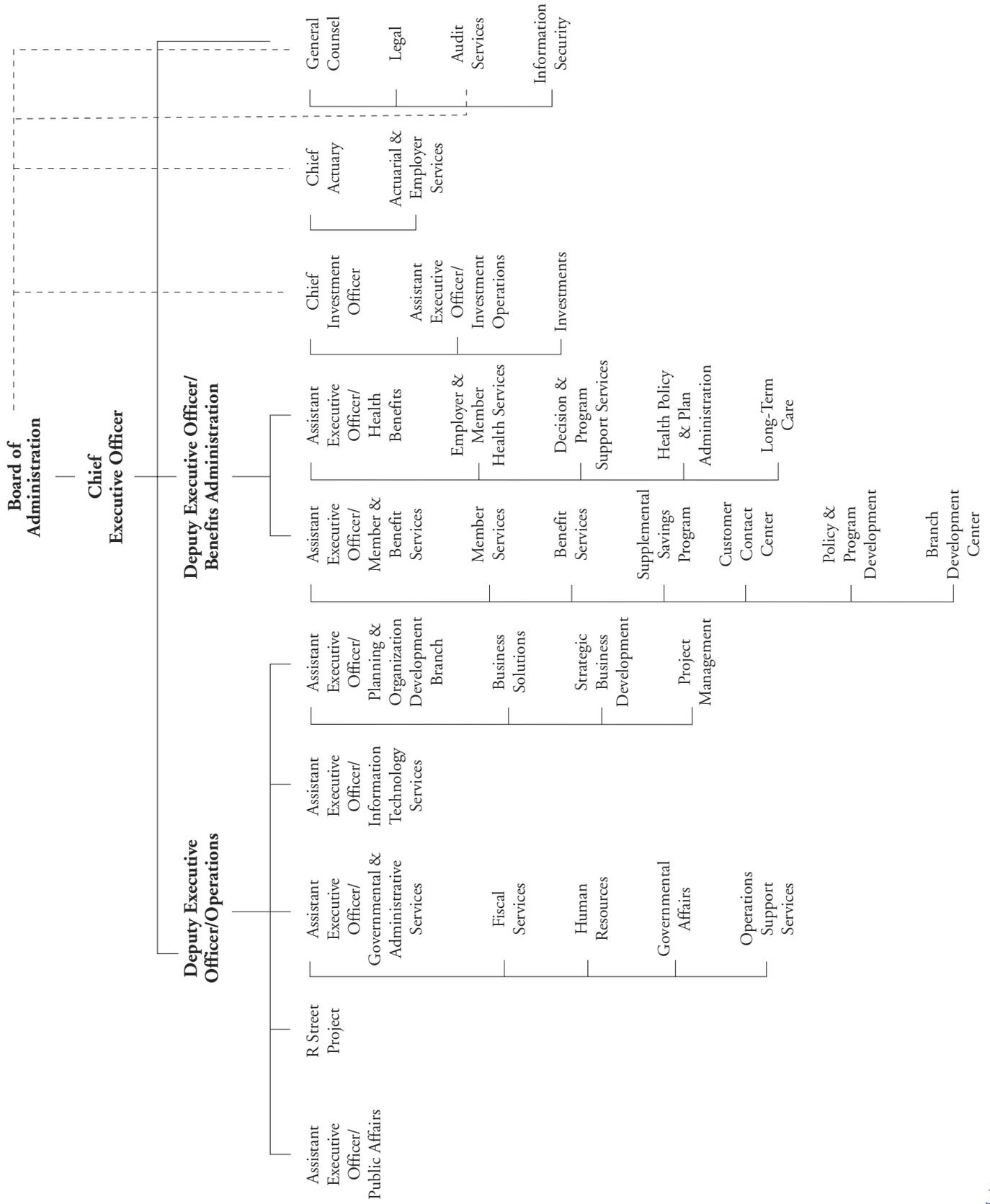
In Closing...

It has been a pleasure to work on behalf of our members, our employers, and the public this past year. We remain committed to adhering to the highest standards of performance, the hallmark of our 73-year history. Looking ahead to the 2004-05 fiscal year, our members, employers, and the public can count on us to make even further progress in meeting the challenges that lie ahead across all our programs in retirement and health benefit delivery, asset management, and customer service.



Fred Buenrostro
Chief Executive Officer

CalPERS Organizational Chart



Note:
A list of investment professionals who have provided services to CalPERS can be found on page 78.

Financial Section

growing companies

Investing in private companies brings diversity to our portfolio, and enables us to achieve high returns for our members. A key part of our investment portfolio is our Alternative Investment Management Program (AIM).



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Independent Auditors' Report

**To the Board of Administration
California Public Employees' Retirement System
Sacramento, California**

We have audited the accompanying statement of fiduciary net assets of the fiduciary funds, and the statement of net assets of the proprietary funds, and the statement of changes in assets and liabilities of the agency fund of the California Public Employees' Retirement System ("the System"), a component unit of the State of California, as of June 30, 2004, and the related statement of changes in fund net assets of the fiduciary and proprietary funds and of cash flows for the proprietary funds for the year then ended. These basic financial statements are the responsibility of the management of the System. Our responsibility is to express an opinion on these basic financial statements based on our audits. The comparative totals as of and for the year ended June 30, 2003 presented in the basic financial statements are included for additional analysis only.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net assets of the fiduciary funds, the changes in assets and liabilities of the agency fund, and the net assets of the proprietary funds of the System, as of June 30, 2004, and the related changes in fiduciary net assets and the operations and cash flows for the proprietary funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Report of Independent Accountants (continued)

As described in Note 5 to the financial statements, actual contributions to the Judges' Retirement Fund made by the State of California were materially less than the actuarially determined annual required contributions. Additionally, current year contributions made by the State of California were used to pay current year benefits. Management and legal counsel believe that the State of California is legally required to provide funding sufficient to pay benefits when due.

Management's Discussion and Analysis is not a required part of the financial statements, but is supplementary information required by the Governmental Accounting Standards Board (GASB). The supplementary information is the responsibility of the management of the System. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and we do not express an opinion on it.

Our audit was performed for the purpose of forming an opinion of the basic financial statements taken as a whole. The supplemental information included in pages 56 through 63 is required by GASB. The required supplemental information is the responsibility of the management of the System. Such information has been subjected to the auditing procedures applied in our audit of the 2004 basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic 2004 combined financial statements taken as a whole. The required supplemental information for the years ended June 30, 2001, 2000, 1999, 1998, and 1997 was audited by other auditors in connection with their audits of the respective financial statements, on which they expressed an unqualified opinion. The supplemental information included on pages 66 through 70 is presented for the purpose of additional analysis and is not a required part of the 2004 basic financial statements of the System. Such additional information has been subjected to the auditing procedures applied in our audit of the 2004 basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the 2004 basic financial statements taken as whole.

Deloitte + Touche LLP

Ray P. Wolf

November 15, 2004

Management's Discussion and Analysis

This section presents management's discussion and analysis of the California Public Employees' Retirement System (CalPERS) financial performance during the fiscal year ended June 30, 2004, and is presented as a narrative overview and analysis in conjunction with the Chief Executive Officer's Letter of Transmittal included in the Introductory Section of the CalPERS Comprehensive Annual Financial Report. The Management's Discussion and Analysis should be read in conjunction with the basic financial statements of CalPERS, as presented in the Comprehensive Annual Financial Report.

In addition to the historical information, the Management's Discussion and Analysis includes certain forward-looking statements which involve certain risks and uncertainties. CalPERS actual results, performance, and achievements may differ materially from the results, performance, and achievements expressed or implied in such forward-looking statements, due to a wide range of factors including changes in interest rates, changes in the securities markets, general economic conditions, and legislative changes, as well as other factors.

CalPERS is primarily responsible for administering retirement and health benefits, as well as administering supplemental retirement savings plans. CalPERS comprises a total of 14 funds, including five defined benefit pension plans, four defined contribution pension plans, four proprietary funds, and an agency fund. The Public Employees' Retirement Fund (PERF) is the primary fund administered by CalPERS.

Financial Highlights

Public Employees' Retirement Fund (PERF)

- The net assets of the PERF increased by \$22.8 billion, or 15.8 percent. The increase was primarily due to a second half recovery in the domestic equity market and strong returns earned in the debt market.
- The PERF net rate of return on investments of 16.6 percent on a market value basis was a significant improvement over the 3.7 percent rate of return in the prior fiscal year. The positive return was due primarily to a rebound in the financial markets. A positive return was earned in each of the CalPERS asset classes. The 16.6 percent net rate of return will not impact employer contribution rates until the 2005 fiscal year for the State

and School employers and until the 2006 fiscal year for public agency employers.

- As of June 30, 2003, the date of the most recent actuarial valuation, the PERF is actuarially funded at 87.7 percent, which is less than the June 30, 2002 95.2 percent funded level. The decrease is attributable to two years of negative investment income in 2002 and 2001, and increasing benefit liabilities attributable to recent benefit enhancements.
- The PERF paid \$7.6 billion in retirement benefits to 413,272 annuitants during 2004, compared to \$7.0 billion paid to 396,151 annuitants during the 2003 fiscal year. Benefit payments increased primarily due to an increase in the number of new retirees and cost-of-living adjustments (COLA).
- The total active/inactive membership was 1,002,067 at June 30, 2004. The PERF received \$2.3 billion in employee contributions from 803,973 active members and \$4.3 billion in employer contributions from 1,505 employers during fiscal year 2004, compared with \$1.9 billion each in employee and employer contributions, in fiscal year 2003.

Although member contributions were \$378.5 million more than the prior fiscal year due to increased contribution rates for certain employee categories and service credit purchases, a temporary cessation of State miscellaneous employee contributions was still in place. The amount of State employee contributions not paid in the 2004 fiscal year was approximately \$225 million. The absence of State miscellaneous employee contributions in the 2004 fiscal year will be incorporated into future actuarial calculations for that employer in accordance with the CalPERS Board of Administration's adopted amortization policies.

Additional financial information related to the other pension funds administered by CalPERS is included in the Financial Analysis Section of the Management's Discussion and Analysis.

Health and Long-Term Care Programs

- The CalPERS self-funded health care program earned \$98.1 million from operations, and unrestricted net assets increased by \$103.4 million to \$271.8 million, due primarily to premium increases and a decrease in the expected level of claims.

Management's Discussion and Analysis

- The unrestricted net assets of the CalPERS Long-Term Care Program decreased to a negative \$266.2 million during the 2004 fiscal year, a decrease of \$286.5 million as a result of investment income in recent years being less than actuarial expectations, an increase in liabilities due to significant growth of inflation adjusted policies, and the adoption of more conservative actuarial assumptions.

Critical Accounting Policies

CalPERS basic financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). CalPERS significant accounting policies are presented in Note 2 to the basic financial statements, which are included in this Comprehensive Annual Financial Report. CalPERS follows accounting policies to comply with various applicable laws and regulations and the guidelines as established by the Governmental Accounting Standards Board (GASB).

CalPERS most significant management accounting policies relate to the following.

Investments

All investments are reported at fair value. Many factors are considered in arriving at fair value. The fair value of investments in publicly held securities are generally based on actual market prices and quotations from major investment firms. In general, corporate bonds that do not have a published market price are valued based on yields currently available on comparable securities of issuers with similar credit ratings. The CalPERS Investment Office securities analysts or outside experts determine the criteria to identify comparable securities based on the size, industry, and profitability of the company offering the securities and the term, rate, and dollar amount of the security.

Mortgages are valued on the basis of the timing of future principal payments and the amount of interest payments discounted at prevailing interest rates for similar instruments. The prevailing interest rates for mortgages are generally based on the 30-year Treasury note rate, which can be found in financial publications. Market interest rate changes impact the likelihood of refinancing activity, which impacts the value of the mortgage investments. Declining interest rates

will cause the value of mortgage investments to increase, but at a slower rate than non-callable similar duration securities.

The fair value of real estate investments, principally rental property subject to long-term net leases, is estimated based on independent appraisals. The appraisals are performed by CalPERS-approved appraisers who meet specific professional qualifications. Appraisals are estimates of current value and are based on three methods: the income approach, the cost approach, and the comparative sales approach. The three approaches are then compared and the appraiser determines the most appropriate valuation for the property. The appraisal process involves a significant amount of judgment and changes in the real estate marketplace are not immediately taken into consideration, as the appraisals are performed annually.

Short-term investments are reported at fair value, when available, or at cost plus accrued interest, when quoted market values are not available.

Alternative investments consist of investments in a variety of markets and industries through partnerships, co-investments, direct investments, and other investment vehicles. For these investments, and others where no readily ascertainable market value exists, management, in consultation with investment advisors, determined the fair values for the individual investments. Management takes into consideration factors such as the book value, based on audited financial statements, the current and projected income generated by the investment, and the cost of the investment. These estimates are, by their nature, subjective and based on judgment. Hedge funds are valued at fair value.

CalPERS, through outside investment managers, holds investments in futures and options and enters into forward foreign currency exchange contracts. The fair value of futures, options, and forward foreign currency exchange contracts are determined based upon quoted market values.

CalPERS could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contract. CalPERS investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, and exposure monitoring procedures. Investment performance rates of return for asset classes and total funds are prepared using pre-audit asset

Management's Discussion and Analysis

data by Wilshire Associates. The returns are based solely on Wilshire Associates' compilation and analysis of the data as provided by the master custodian, State Street Bank.

Actuarial Valuation

Actuarial valuations are used to determine the cost of pension benefits payable to the members of CalPERS who participate in the PERF, the Legislators' Retirement Fund (LRF), the Judges' Retirement Fund (JRF), the Judges' Retirement Fund II (JRF II), and the Volunteer Firefighters' Length of Service Award Fund (VFF), as well as the related required contribution rates. The actuarial valuations include a number of significant assumptions including the actuarial valuation method used, the asset valuation method, the rate of return on the investment portfolio, rate of inflation, projected salary increases, post retirement benefits, and the life expectancy of members and beneficiaries. Significant actuarial assumptions used in the valuations are included in the Notes to the Required Supplemental Schedules on page 60.

Estimated Liabilities

The Public Employees' Health Care Fund (HCF) establishes claim liabilities based on estimates of the ultimate costs of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported (IBNR). The estimated claims liability was calculated by the HCF's third-party administrator, using a variety of actuarial and statistical techniques, and adjusted for actual experience to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. The estimated claims liability is carried at its face amount, and no interest discount is assumed. The IBNR portion represents an estimate for claims that have been incurred prior to the fiscal year end, but have not been reported to the HCF.

The Public Employees' Long-Term Care Fund (LTCF) estimates the required funding level to provide for the payment of future claim benefits. This estimate is predicated upon participation levels that are expected to be achieved by the program. The LTCF establishes the current liability for future benefits based on the present value of

such future benefits and expenses, less the present value of expected future premiums.

An actuarial valuation establishes the liability for future policy benefits based on the present value of future benefits and expenses less the present value of future premiums. The liability for future policy benefits was calculated by the Fund's actuary, using a variety of actuarial and statistical techniques. The Long-Term Care Program actuaries used more conservative actuarial assumptions than in the prior year.

Overview of the Financial Statements

The Management's Discussion and Analysis provides an introduction to and overview of the CalPERS basic financial statements, which comprise the following components: fund financial statements, notes to the financial statements, required supplementary information, and other supplementary schedules. Collectively, this information presents the combined net assets held in trust for pension benefits and the combined unrestricted net assets for each of the funds administered by CalPERS as of June 30, 2004, and summarizes the combined changes in net assets held in trust for pension benefits, the combined changes in unrestricted net assets, and the cash flows of the proprietary funds for the year then ended, along with an actuarial view on the funding status of the defined benefit plans. The information available in each of these sections is briefly summarized as follows.

Fund Financial Statements

At June 30, 2004, financial statements are presented for the two types of funds administered by CalPERS: fiduciary funds and proprietary funds.

Fiduciary funds — include pension trust funds. The defined benefit plans administered by CalPERS include the PERF, LRF, JRF, and JRF II. The defined contribution plans administered by CalPERS include the State Peace Officers' and Firefighters' Defined Contribution Plan Fund (SPOFF), the Public Agency Deferred Compensation Program (IRC 457), the Replacement Benefit Fund (RBF), and the Supplemental Contributions Program Fund (SCPF). The remaining fiduciary funds are the VFF, an award system, and the Old Age & Survivors' Insurance Revolving Fund (OASI). The fiduciary funds are used to account for

Management's Discussion and Analysis

resources held for the benefit of CalPERS participants. A statement of fiduciary net assets and a statement of changes in fiduciary net assets are presented for the fiduciary funds as of and for the year ended June 30, 2004, along with comparative total information as of and for the year ended June 30, 2003. These financial statements reflect the resources available to pay benefits to retirees and other beneficiaries as of year end, as well as the changes in those resources during the year.

Proprietary funds — include the following enterprise funds: the Public Employees' Health Care Fund (HCF), the Public Employees' Contingency Reserve Fund (CRF), the Public Employees' Long-Term Care Fund (LTCF), and the Public Employees' Deferred Compensation Fund (DCF). Proprietary funds are used to account for CalPERS business-type activities, where fees are charged to cover the costs of certain services, including long-term care, health care, and other benefits. A statement of net assets, a statement of revenues, expenses, and changes in fund net assets, and a statement of cash flows are presented for the proprietary funds as of June 30, 2004 and for the year then ended, along with comparative total information as of and for the year ended June 30, 2003. These financial statements reflect the net assets of, changes in net assets of, and cash flows from CalPERS business-type activities.

Notes to the Basic Financial Statements

The financial statement notes provide additional information that is essential to a full understanding of the information provided in the fund financial statements. Information available in the notes to the financial statements is described below.

Note 1 — provides a general description of CalPERS, as well as a concise description of each of the funds administered by CalPERS. Information regarding employer and member participation in the pension plans administered by CalPERS is also provided.

Note 2 — provides a summary of significant accounting policies, including the basis of accounting for each of the fund types, investment accounting policies, management's use of estimates, information regarding the implementation of new accounting pronouncements, and other significant accounting policies.

Note 3 — provides information on cash and cash equivalents.

Note 4 — describes investments, including investing authority, investment risk categorizations, and additional information about cash, securities lending, and derivatives.

Note 5 — provides information about employer contributions to the pension funds administered by CalPERS.

Note 6 — provides information on commitments.

Note 7 — provides information on potential contingencies of CalPERS.

Note 8 — provides detailed information on the estimated claims liability of the HCF.

Note 9 — provides information regarding the LTCF June 30, 2004 actuarial valuation.

Required Supplementary Information

Because of the long-term nature of a public defined benefit pension plan, financial statements for the past year alone cannot provide sufficient information to properly reflect the funded position of the plan. Therefore, in addition to the basic financial statements, two required schedules of historical trend information related to the defined benefit plans are presented as part of the Required Supplementary Information (RSI) section of the basic financial statements. These two schedules are the Required Supplemental Schedule of Funding Progress and the Required Supplemental Schedule of Employer Contributions. These two schedules are based on the actuarial valuations performed by CalPERS actuaries, and provide additional actuarial information that contributes to the understanding of the changes in the actuarial funding of, and the funded status of, these defined benefit plans over the last 10 years. The actuarial information is based upon assumptions made about future events at the time the valuations were performed, and, therefore, the amounts presented are necessarily estimates. Also included as part of the RSI is the Required Supplemental Schedule of Claims Development Information for the HCF.

Management's Discussion and Analysis

Other Supplementary Schedules

Other schedules include detailed information on administrative expenses incurred by CalPERS-administered funds, as well as investment and other professional services expenses incurred.

Financial Analysis of CalPERS Funds

Public Employees' Retirement Fund (PERF)

Plan Net Assets

The PERF provides retirement benefits to State of California and other California public agency employees. PERF benefits are funded by member and employer contributions and by earnings on investments. The PERF net assets held in trust for benefits at June 30, 2004 were \$167.6 billion, an increase of \$22.8 billion (15.8 percent) from \$144.8 billion at June 30, 2003.

Additions to PERF net assets held in trust for benefits include employer and member contributions, as well as investment income. For the 2004 fiscal year, employer and member contributions totaled \$6.5 billion, an increase of \$2.7 billion (71.0 percent) from the 2003 fiscal year. The increase in required contributions was in response to declining investment earnings and recent benefit

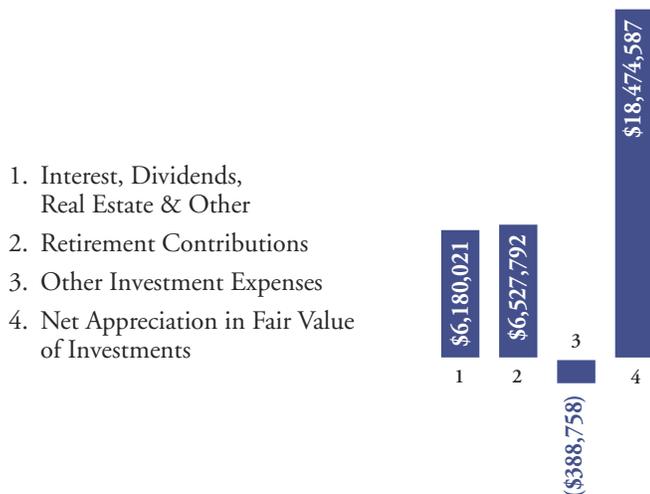
enhancements offset by the temporary cessation of certain State miscellaneous employee contributions. The PERF recognized net investment income of \$24.3 billion for the 2004 fiscal year, compared with a net investment income of \$5.5 billion for the 2003 fiscal year. The increase in investment income was due to a rising stock market, stable cash flows from our bond portfolio, cash inflows from our private equity portfolio, and attractive yields from our real estate portfolio.

Deductions from PERF net assets held in trust for benefits consist primarily of retirement, death, and survivor benefits, refunds, and administrative expenses. For the 2004 fiscal year, retirement, death, and survivor benefits totaled \$7.6 billion, an increase of \$647.2 million (9.3 percent) from the 2003 fiscal year. The increase in benefit payments was primarily a result of an increase in the number of retirees from 396,151 to 413,272 and COLA increases. For the 2004 fiscal year, the costs of administering the PERF benefits amounted to \$188.4 million, a decrease of approximately \$25.9 million (12.1 percent) from the 2003 fiscal year due to the postponement of projects.

On a per member and beneficiary basis, the cost of administering PERF benefits during the 2004 fiscal year was approximately \$133 per individual, a decrease of approximately \$19 per individual from the 2003 fiscal year.

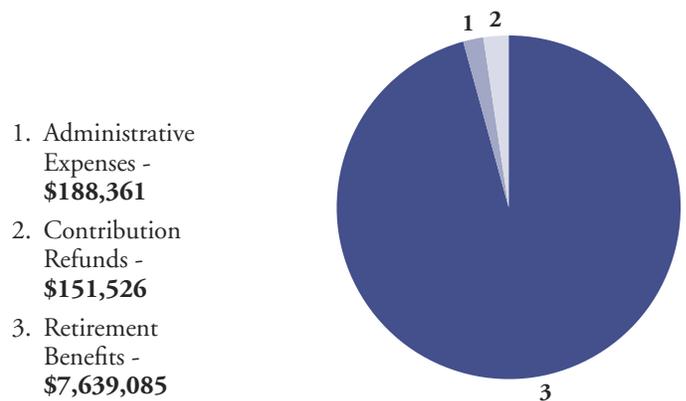
Additions — PERF

(Dollars in Thousands)



Deductions — PERF

(Dollars in Thousands)



Management's Discussion and Analysis

Net Assets — PERF

(Dollars in Thousands)

	2004	2003	Total Percentage Change
Assets			
Cash, Cash Equivalents & Total Receivables	\$3,448,909	\$2,399,015	43.8%
Investments	169,462,222	146,248,458	15.9
Securities/Lending Collateral	25,454,352	23,846,815	6.7
Capital Assets & Other	267,510	169,751	57.6
Total Assets	\$198,632,993	\$172,664,039	15.0%
Liabilities			
Retirement Benefits in Process of Payment, Investment Settlement & Other	\$5,594,542	\$4,054,518	38.0%
Liabilities to Brokers for Security Lending	25,454,352	23,846,815	6.7
Total Liabilities	\$31,048,894	\$27,901,333	11.3%
Total Net Assets	\$167,584,099	\$144,762,706	15.8%

Changes in Net Assets — PERF

(Dollars in Thousands)

	2004	2003	Total Percentage Change
Additions			
Member Contributions	\$2,266,445	\$1,887,925	20.0%
Employer Contributions	4,261,347	1,925,044	121.4
Investment Income (Loss)	24,265,850	5,474,084	343.3
Other	6,723	8,648	(22.3)
Total Additions	\$30,800,365	\$9,295,701	231.3%
Deductions			
Retirement Benefits	\$7,639,085	\$6,991,914	9.3%
Refund of Contributions	151,526	114,025	32.9
Administrative Expenses	188,361	214,274	(12.1)
Total Deductions	\$7,978,972	\$7,320,213	9.0%
Increase (Decrease) in Net Assets	\$22,821,393	\$1,975,488	1,055.2%

Management's Discussion and Analysis

An actuarial valuation of PERF assets and benefit obligations is performed annually. At June 30, 2003, the date of the most recent actuarial valuation, the funded status of the PERF decreased to 87.7 percent from 95.2 percent at June 30, 2002. The amount by which PERF actuarial benefit liabilities exceeded actuarial assets was \$22.3 billion at June 30, 2003, compared with a \$7.9 billion funding deficit at June 30, 2002. This decrease in funded status relates primarily to declining investment earnings in 2002 and 2001 and recent benefit enhancements.

Current year earnings will affect future years' funded status and contribution rates using the CalPERS policy of actuarial asset smoothing.

Investments

PERF investments, excluding securities lending collateral, totaled \$169.5 billion at June 30, 2004, which was \$23.3 billion (15.9 percent) more than the \$146.2 billion in total PERF investments at June 30, 2003.

At June 30, 2004, the PERF held \$102.5 billion in domestic equity and international equity securities, an increase of \$16.4 billion from \$86.1 billion at fiscal year end 2003. The increase was mainly due to a rebound in equity markets during 2004. Domestic equity and international equity securities earned returns of approximately 20.9 percent and 29.0 percent, respectively, for the 2004 fiscal year, compared to 1.4 percent and negative 7.5 percent, respectively for fiscal year 2003.

CalPERS benchmark returns for domestic and international equity securities for fiscal year 2004 were 20.6 percent and 31.7 percent, respectively. CalPERS uses the Wilshire 2500 Index to provide a benchmark for the domestic equity investment returns, and the PERS SSGA Custom Index for international equity investment returns. These benchmarks are representative of the returns that could be expected in a similar investing environment, and reflect the overall market conditions.

At June 30, 2004, the PERF held \$43.0 billion in domestic and international debt securities, an increase of \$5.1 billion from \$37.9 billion at fiscal year end 2003. Domestic debt securities returned approximately 1.4 percent, and international debt securities returned approximately 7.9 percent for the 2004 fiscal year, compared to the 16.5 percent and 18.9 percent, respectively for fiscal year 2003. CalPERS benchmark returns were a negative 0.8 percent and 7.6 percent, respectively. CalPERS uses the Citigroup Large Pension Fund Index and the Citigroup Non-U.S. Government Bond Index to provide a benchmark for fixed income investment returns. These benchmarks are representative of the returns that could be expected in a similar investing environment.

At June 30, 2004, the PERF held \$12.1 billion in net real estate investments, an increase of \$0.5 billion from \$11.6 billion at the 2003 fiscal year end. Real estate investments returned approximately 13.0 percent for the 2004 fiscal year, compared to 5.1 percent for fiscal year 2003.

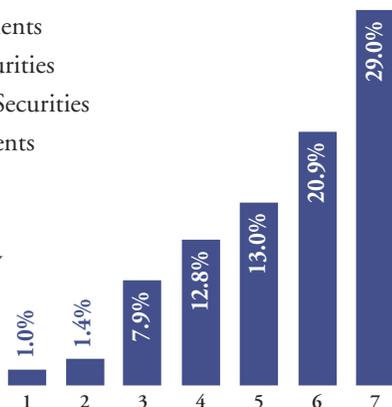
Investments — PERF (Dollars in Billions)

Investment Class	Amount	Allocation	Current Year Return	Prior Year Return	Benchmark Return
Short-Term Investments	\$3.6	2.1%	1.1%	1.8%	1.0%
Domestic Equity	68.9	40.7	20.9	1.4	20.6
International Equity	33.6	19.8	29.0	(7.5)	31.7
Domestic Debt Securities	38.2	22.6	1.4	16.5	(0.8)
International Debt Securities	4.8	2.8	7.9	18.9	7.6
Real Estate	12.1	7.1	13.0	5.1	9.7
Alternative Investments	8.3	4.9	12.8	(10.6)	9.7

Management's Discussion and Analysis

Investment Returns — PERF

1. Short-Term Investments
2. Domestic Debt Securities
3. International Debt Securities
4. Alternative Investments
5. Real Estate
6. Domestic Equity
7. International Equity



CalPERS benchmark real estate return for fiscal year 2004 was 9.7 percent. CalPERS uses the NCREIF Property Index to provide a benchmark for our real estate investment returns.

At June 30, 2004, the PERF held \$8.3 billion in alternative investments, an increase of \$0.9 billion from \$7.4 billion at the 2003 fiscal year end. Alternative investments yielded a return of approximately 12.8 percent for the 2004 fiscal year, compared to a negative 10.6 percent for fiscal year 2003.

CalPERS benchmark alternative investment return for fiscal year 2004 was 9.7 percent. CalPERS uses the Venture Economics Custom Young Fund Universe to provide a benchmark for alternative investments.

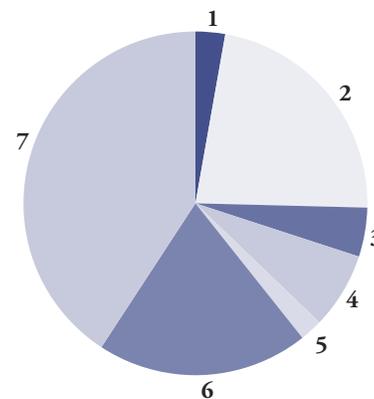
At June 30, 2004, the PERF held \$3.6 billion in short-term investments an increase of \$0.4 billion from the \$3.2 billion at the 2003 fiscal year end. Short-term investments returned approximately 1.1 percent for the 2004 fiscal year, compared to 1.8 percent for fiscal year 2003. CalPERS uses the 91-Day Treasury Bill as a benchmark for short-term investments.

The PERF earned other investment income of \$1.4 billion for the 2004 fiscal year. Included in other investment income was \$1.1 billion from income earned in the Alternative Investment Management Program, \$0.3 billion from securities litigation, sale of fractional shares, and other miscellaneous income.

Investment Portfolio — PERF at Market Value

(Dollars in Billions)

1. International Debt Securities - \$4.8
2. Domestic Debt Securities - \$38.2
3. Alternative Investments - \$8.3
4. Real Estate - \$12.1
5. Short-Term Investments - \$3.6
6. International Equity - \$33.6
7. Domestic Equity - \$68.9



Note:

Excludes \$25.5 billion in securities lending collateral.

The PERF earns additional investment income by lending investment securities. The borrowers provide collateral to the PERF that are valued in excess of the securities loaned. For the 2004 fiscal year, net securities lending income amounted to \$103.0 million, an increase of \$25.7 million (33.3 percent) from \$77.3 million during fiscal year 2003.

CalPERS participates in Directed Brokerage/Commission Recapture arrangements. The CalPERS Directed Brokerage Program had a balance of \$3.1 million at July 1, 2003. For fiscal year 2004, brokerage commissions that were rebated totaled \$8.1 million. Expenses in the amount of \$9.2 million were incurred to purchase analytical tools, advisory, and other research materials. The Directed Brokerage Program had a balance of approximately \$2.0 million at June 30, 2004. These amounts are recorded in the accompanying financial statements as of June 30, 2004.

CalPERS Participates in asset based lending, in which secured debt is loaned to non-investment grade borrowers, primarily for working capital, acquisitions, turnarounds, growth financing, debtor-in-possession financing, exit financing, and corporate recapitalization/reorganizations. In exchange for these loan amounts, CalPERS receives interest and fees from the borrowers. At June 30, 2004, interest and fee income earned was \$7.2 million and outstanding commitments totaled \$294.6 million.

Management's Discussion and Analysis

Other Defined Benefit Pension Plans

Legislators' Retirement Fund (LRF)

Plan Net Assets

The LRF provides retirement benefits to California Legislators, Constitutional Officers, and Statutory Officers elected to office before November 7, 1990. The number of LRF members is declining as eligible incumbent Legislators leave office and are replaced by those ineligible to participate in the LRF.

The LRF net assets held in trust for benefits at June 30, 2004 totaled \$134.6 million, an increase of \$3.6 million (2.8 percent) from June 30, 2003.

Additions to LRF net assets held in trust for benefits were from investment income and contributions to repurchase military and prior year service credit. There were no actuarially determined annual required employer and member contributions for 2004. Net investment income increased \$0.8 million (7.8 percent) to a net investment gain of \$11.1 million for the 2004 fiscal year, from a net investment gain of \$10.3 million for the 2003 fiscal year, due mainly to strong returns earned in equity securities during 2004.

Deductions in LRF net assets held in trust for benefits are primarily composed of retirement, death, and survivor benefits. For the 2004 fiscal year, these benefits remained consistent with the 2003 fiscal year at approximately \$7.1 million, as the number of retirees and beneficiaries remained relatively consistent. On a per member and beneficiary basis, the cost of administering LRF benefits during the 2004 fiscal year was approximately \$880 per

individual, an increase of approximately \$201 per individual from the 2003 fiscal year due to a declining membership and increased direct expenses.

An actuarial valuation of LRF assets and benefit obligations is performed annually using the aggregate cost method, which does not identify unfunded actuarial liabilities. Based on the most recent actuarial valuation, performed as of June 30, 2003, the active member contribution rate for the 2005 fiscal year remains at zero percent.

Investments

The LRF invests mainly in domestic and international equity securities, as well as domestic debt securities. LRF investments totaled \$134.3 million at June 30, 2004, which was \$3.3 million (2.5 percent) more than the \$131.0 million in total LRF investments at June 30, 2003, primarily as a result of improvement in domestic equity markets during 2004.

At June 30, 2004, the LRF held \$59.5 million in domestic equity and international equity securities, an increase of \$4.7 million from \$54.8 million at fiscal year end 2003. Domestic equity and international equity securities experienced returns of approximately 19.2 percent and 33.1 percent for fiscal year 2004, compared to the 0.2 percent and negative 6.3 percent for fiscal year 2003. CalPERS benchmark returns for the fiscal year 2004 were 19.1 percent and 32.9 percent. CalPERS uses the Custom S&P 500 Index and MSCI EAFE Index (gross of dividends), to provide a benchmark for the equity investment returns. These benchmarks are representative of the returns that could be expected in a similar investing environment and reflect the overall market conditions.

Investments — LRF

(Dollars in Millions)

	Amount	Allocation	Current Year Return	Prior Year Return	Benchmark Return
Investment Class					
Domestic Equity	\$44.9	33.4%	19.2%	0.2%	19.1%
International Equity	14.6	10.9	33.1	(6.3)	32.9
Domestic Debt Securities	74.8	55.7	(0.2)	15.5	(0.8)
Total or Overall Return	\$134.3	100.0%	9.1%	8.5%	8.2%

Management's Discussion and Analysis

At June 30, 2004, the LRF held \$74.8 million in domestic debt securities, a decrease of \$1.4 million from \$76.2 million at fiscal year end 2003. Domestic debt securities returned a negative 0.2 percent for fiscal year 2004, compared to 15.5 percent for fiscal year 2003. CalPERS benchmark return for fiscal year 2004 was a negative 0.8 percent. CalPERS uses the Citigroup Large Pension Fund Index to provide a benchmark for our fixed income investment returns. This benchmark is representative of the returns that could be expected in a similar investing environment, and reflects the overall market characteristics.

Judges' Retirement Fund (JRF)

Plan Net Assets

The JRF provides retirement benefits to California Supreme and Appellate Court Justices and Superior Court Judges. The JRF net assets held in trust for benefits at June 30, 2004 totaled \$4.6 million, an increase of \$0.1 million (2.2 percent) from June 30, 2003.

Additions to JRF net assets held in trust for benefits include employer, State of California, and member contributions, as well as investment income. For the 2004 fiscal year, employer,

Net Assets — Other Defined Benefit Pension Plan Funds

(Dollars in Thousands)

	LRF		JRF		JRF II		VFF	
	2004	2003	2004	2003	2004	2003	2004	2003
Assets								
Cash, Cash Equivalents & Receivables	\$986	\$632	\$7,458	\$3,769	\$2,580	\$2,117	\$433	\$589
Investments	134,337	131,022	65	751	126,809	88,597	2,401	1,979
Total Assets	\$135,323	\$131,654	\$7,523	\$4,520	\$129,389	\$90,714	\$2,834	\$2,568
Total Liabilities	\$735	\$670	\$2,913	\$8	\$74	\$—	\$54	\$35
Total Net Assets	\$134,588	\$130,984	\$4,610	\$4,512	\$129,315	\$90,714	\$2,780	\$2,533

Changes in Net Assets — Other Defined Benefit Pension Plan Funds

(Dollars in Thousands)

	LRF		JRF		JRF II		VFF	
	2004	2003	2004	2003	2004	2003	2004	2003
Additions								
Member Contributions	\$56	\$22	\$11,262	\$11,109	\$8,131	\$6,717	\$—	\$—
Employer Contributions	—	—	107,318	98,585	18,240	15,323	223	497
Investment Income (Loss)	11,094	10,274	59	12	13,431	4,803	252	106
Other Income	—	—	4,020	4,337	—	—	—	—
Total Additions	\$11,150	\$10,296	\$122,659	\$114,043	\$39,802	\$26,843	\$475	\$603
Deductions								
Retirement Benefits	\$7,051	\$6,851	\$121,604	\$113,938	\$584	\$307	\$59	\$77
Refund of Contributions	214	248	238	82	203	892	—	—
Administrative Expenses	281	220	719	506	414	320	169	116
Total Deductions	\$7,546	\$7,319	\$122,561	\$114,526	\$1,201	\$1,519	\$228	\$193
Increase (Decrease) in Net Assets	\$3,604	\$2,977	\$98	(\$483)	\$38,601	\$25,324	\$247	\$410

Management's Discussion and Analysis

State, and member contributions increased \$8.9 million (8.1 percent) to \$118.6 million, from \$109.7 million for the 2003 fiscal year, primarily as a result of an increase in the State's contribution. For the 2004 fiscal year, net investment income increased \$47,000 (391.7 percent) from the 2003 fiscal year due mainly to higher average asset balances throughout the year.

Deductions in JRF net assets held in trust for benefits are primarily composed of retirement, death, and survivor benefits. For the 2004 fiscal year, these benefits amounted to \$121.6 million, an increase of \$7.7 million (6.8 percent) from the 2003 fiscal year. The increase in benefit payments was mainly a result of a COLA and an increase in the number of JRF retirees and beneficiaries to 1,558 in the 2004 fiscal year from 1,523 in the 2003 fiscal year.

On a per member and beneficiary basis, the cost of administering JRF benefits during 2004 was approximately \$283 per individual, an increase of approximately \$85 per individual from fiscal year 2003 due to a declining membership, increased direct expenses, and prior period adjustments.

The JRF is funded on a "pay-as-you-go" basis, where short-term investments, contributions received during the year, and a State General Fund augmentation are used to provide funding for benefit payments. This funding method is generally more expensive in the long term, as the fund does not have investment returns generated by a funded plan. Without the State General Fund augmentation, the JRF will not be able to pay the accumulated benefit payments due in 2005. Due to the State budget impasse at June 30, 2004, the JRF borrowed \$2.9 million from the State to pay current retirement benefits.

Investments

The JRF invests only in short-term securities. Total JRF investments were \$65,000 at June 30, 2004, which was \$686,000 (91.3 percent) less than the \$751,000 in total JRF investments at June 30, 2003. Short-term investments returned approximately 1.0 percent for fiscal year 2004, compared with the 1.6 percent for fiscal year 2003. The decrease in total JRF investments was primarily due to the decrease in interest rates, average investment balances, and the increase in benefit payments during 2004.

Judges' Retirement Fund II (JRF II)

Plan Net Assets

The JRF II provides retirement benefits to California Supreme and Appellate Court Justices, Superior Court Judges, and Municipal Court Judges first appointed or elected after November 9, 1994. The JRF II net assets held in trust for benefits at June 30, 2004 were \$129.3 million, an increase of \$38.6 million (42.6 percent) from June 30, 2003.

Additions to JRF II net assets held in trust for benefits include employer and member contributions, as well as investment income. Employer and member contributions increased \$4.3 million (19.7 percent), to \$26.4 million for the 2004 fiscal year, from \$22.0 million for the 2003 fiscal year, primarily as a result of a 10.6 percent increase in membership from 2003 to 2004. For the 2004 fiscal year, the JRF II earned net investment income of \$13.4 million, an increase in income of \$8.6 million (179.6 percent) from the 2003 fiscal year net investment income of \$4.8 million, primarily due to increased cash flows from both the stock portfolio in dividend income as well as from stable cash flows from the bond portfolio.

Investments — JRF II

(Dollars in Millions)

Investment Class	Amount	Allocation	Current Year Return	Prior Year Return	Benchmark Return
Short-Term Investments	\$4.4	3.5%	1.4%	1.6%	N/A
Domestic Equity	48.5	38.2	19.2	0.2	19.1%
International Equity	25.3	20.0	32.6	(6.5)	32.4
Domestic Debt Securities	48.6	38.3	0.2	15.5	(0.8)
Total or Overall Return	\$126.8	100.0%	13.8%	4.8%	13.9%

Management's Discussion and Analysis

Deductions in JRF II net assets held in trust for benefits are primarily composed of retirement, death, and survivor benefits. For the 2004 fiscal year, these benefits amounted to \$584,000, an increase of \$277,000 (90.2 percent) from the 2003 fiscal year.

On a per member and beneficiary basis, the cost of administering JRF II benefits during fiscal year 2004 was approximately \$595 per individual, an increase of approximately \$85 per individual from fiscal year 2003 due to increased direct expenses.

An actuarial valuation of the JRF II assets and benefit obligations is performed annually. At June 30, 2003, the date of the most recent actuarial valuation, the funded status of JRF II decreased to 91.4 percent from 94.1 percent at June 30, 2002. At June 30, 2003, the JRF II actuarial benefit obligations exceeded its actuarial assets by approximately \$9.0 million, while the amount by which the JRF II actuarial benefit obligations exceeded its actuarial assets at June 30, 2002, was approximately \$4.5 million.

Investments

The JRF II invests mainly in domestic and international equity securities and domestic debt securities. Total JRF II investments amounted to \$126.8 million (see table on previous page) at June 30, 2004, which was \$38.2 million (43.1 percent) more than the \$88.6 million at June 30, 2003. The increase in total JRF II investments was primarily due to the increase in contributions and membership, and positive investment returns during the 2004 fiscal year.

At June 30, 2004, the JRF II held \$73.8 million in domestic equity and international equity securities, an increase of \$22.2 million from \$51.6 million at fiscal year

end 2003. Domestic equity and international equity securities experienced returns of approximately 19.2 percent and 32.6 percent for fiscal year 2004, compared to the 0.2 percent and negative 6.5 percent for fiscal year 2003. CalPERS benchmark returns for fiscal year 2004 were 19.1 percent and 32.4 percent, respectively. CalPERS uses the Custom S&P 500 Index and MSCI EAFE Index to provide a benchmark for our domestic and international equity investment returns. These benchmarks are representative of the returns that could be expected in a similar investing environment, and reflect the overall market characteristics.

At June 30, 2004, the JRF II held \$48.6 million in domestic debt securities, an increase of \$14.9 million from \$33.7 million at fiscal year end 2003. Domestic debt securities returned approximately 0.2 percent for the 2004 fiscal year, compared to 15.5 percent for fiscal year 2003. CalPERS benchmark return for fiscal year 2004 was a negative 0.8 percent. CalPERS uses the Citigroup Large Pension Fund Index to provide a benchmark for our fixed income investment returns. This benchmark is representative of the returns that could be expected in a similar investing environment.

At June 30, 2004, the JRF II held \$4.4 million in short-term investments, an increase of \$1.1 million from \$3.3 million at fiscal year end 2003. Short-term investments returned approximately 1.4 percent for fiscal year 2004, compared to 1.6 percent for fiscal year 2003.

Investments — VFF

(Dollars in Millions)

Investment Class	Amount	Allocation	Current Year Return	Prior Year Return	Benchmark Return
Domestic Equity	\$1.4	54.2%	19.2%	0.2%	19.1%
Domestic Debt Securities	0.9	37.5	0.3	15.5	(0.8)
Real Estate	0.2	8.3	N/A	N/A	N/A
Total or Overall Return	\$2.5	100.0%	11.9%	5.7%	11.9%

Management's Discussion and Analysis

Volunteer Firefighters' Fund (VFF)

Plan Net Assets

The VFF provides monetary awards to volunteer firefighters. The VFF net assets held in trust for benefits at June 30, 2004 were \$2.8 million, an increase of \$247,000 (9.8 percent), from \$2.5 million at June 30, 2003.

Contribution revenues totaled \$223,000 for the 2004 fiscal year, a decrease of 55.1 percent from the 2003 fiscal year. Net investment income was \$252,000 for fiscal year 2004, an increase in investment returns of 137.7 percent from the \$106,000 in net investment income for fiscal year 2003, primarily due to an increase in cash flows from the stock portfolio in the form of cash dividends as well as more stable cash flows from the bond portfolio.

Deductions from VFF net assets held in trust include awards of \$59,000 for fiscal year 2004, a decrease of 23.4 percent from the 2003 fiscal year, primarily due to the non-payment of the supplemental portion of the awards.

On a per member and beneficiary basis, the cost of administering the VFF benefits during fiscal year 2004 were approximately \$47 per individual, an increase of approximately \$14 per individual from fiscal year 2003. The increase was due to increased direct expenses and prior period adjustments.

An actuarial valuation of the VFF assets and benefit obligations is performed annually. At June 30, 2003, the date of the most recent actuarial valuation, the funded status of the VFF decreased to 86.9 percent from 94.2 percent at June 30, 2002. At June 30, 2003, the VFF actuarial benefit obligations exceeded its actuarial assets by \$420,000, compared to \$143,000 at June 30, 2002.

Investments

The VFF invests mainly in domestic equity securities and domestic debt securities. Total VFF investments were \$2.5 million (see table on previous page) at June 30, 2004, which was \$422,000 (21.3 percent) more than the \$2.0 million at June 30, 2003. The increase in total VFF investments was due primarily to the rebound in the domestic equity market.

At June 30, 2004, the VFF held \$1.4 million in domestic equity securities, an increase of \$112,000 from \$1.3 million at fiscal year end 2003. Domestic equity securities experienced returns of approximately 19.2 percent for fiscal year 2004, compared to a 0.2 percent for fiscal year 2003. CalPERS benchmark return for fiscal year 2004 was 19.1 percent. CalPERS uses the Custom S&P 500 Index to provide a benchmark for our equity investment returns. This benchmark is representative of the returns that could be expected in a similar investing environment, and reflects the overall market characteristics.

At June 30, 2004, the VFF held \$861,000 in domestic debt securities, an increase of \$132,000 from \$729,000 at fiscal year end 2003. Domestic debt securities returned approximately 0.3 percent for the 2004 fiscal year, compared to the 15.5 percent for fiscal year 2003. CalPERS benchmark return for fiscal year 2004 was a negative 0.8 percent. CalPERS uses the Citigroup Large Pension Fund Index to provide a benchmark for our fixed income investment returns. This benchmark is representative of the returns that could be expected in a similar investing environment.

Defined Contribution Pension Plans

State Peace Officers' and Firefighters' Defined Contribution Plan Fund (SPOFF)

Plan Net Assets

The SPOFF provides supplemental retirement benefits to eligible safety employees. Net assets held in trust for pension benefits increased by \$54.5 million (40.5 percent) to \$189.2 million at June 30, 2004 from \$134.7 million at June 30, 2003.

Contribution revenues were \$40.9 million for fiscal year 2004, an increase of 16.7 percent from fiscal year 2003, primarily due to a 2.1 percent increase in participants. Net investment income was \$18.0 million for fiscal year 2004, representing an increase in investment income of \$12.9 million from the \$5.1 million in net investment income for the 2003 fiscal year, due mainly to a rebound in equity markets.

Management's Discussion and Analysis

SPOFF benefit expenses were \$4.4 million for the 2004 fiscal year, an increase of \$267,000 (6.5 percent) from the 2003 fiscal year, due primarily to the increase in benefit recipients in 2004.

Investments

The SPOFF invests mainly in domestic equity securities. Total SPOFF investments were \$186.1 million at June 30, 2004, which was \$51.4 million (38.1 percent) more than the \$134.8 million in total SPOFF investments at June 30, 2003. Domestic equity securities experienced returns of approximately 12.3 percent for fiscal year 2004, compared to 2.7 percent for fiscal year 2003.

CalPERS benchmark return for fiscal year 2004 was 12.6 percent. CalPERS uses a composite index to provide a benchmark for our domestic equity investment return.

Public Agency Deferred Compensation Plan (IRC 457)

Plan Net Assets

The CalPERS Board is trustee for public agency participant assets in the IRC 457 deferred compensation program. Net assets held in trust for pension benefits at June 30, 2004 were \$371.1 million, an increase of \$91.6 million (32.7 percent), from \$279.6 million at June 30, 2003.

Net Assets — Defined Contribution Pension Plan Funds

(Dollars in Thousands)

	SPOFF		IRC 457		RBF		SCPF	
	2004	2003	2004	2003	2004	2003	2004	2003
Assets								
Cash, Cash Equivalents & Receivables	\$3,190	\$8	\$1,013	\$425	\$30	\$121	\$48	\$1
Investments	186,139	134,783	370,218	279,253	466	23	20,339	18,460
Total Assets	\$189,329	\$134,791	\$371,231	\$279,678	\$496	\$144	\$20,387	\$18,461
Total Liabilities	\$94	\$70	\$106	\$110	\$443	\$130	\$34	\$33
Total Net Assets	\$189,235	\$134,721	\$371,125	\$279,568	\$53	\$14	\$20,353	\$18,428

Changes in Net Assets — Defined Contribution Pension Plan Funds

(Dollars in Thousands)

	SPOFF		IRC 457		RBF		SCPF	
	2004	2003	2004	2003	2004	2003	2004	2003
Additions								
Member Contributions	\$ —	\$ —	\$74,146	\$70,079	\$ —	\$ —	\$741	\$631
Employer Contributions	40,894	35,047	—	—	652	120	—	—
Investment Income (Loss)	17,971	5,069	33,539	3,373	2	—	\$2,881	433
Other Income	—	—	3	—	—	—	—	—
Total Additions	\$58,865	\$40,116	\$107,688	\$73,452	\$654	\$120	\$3,622	\$1,064
Deductions								
Retirement Benefits	\$4,351	\$4,084	\$ —	\$ —	\$615	\$157	\$ —	\$ —
Administrative Expenses	—	—	—	—	—	—	66	81
Participant Withdrawals	—	—	16,131	20,439	—	—	1,631	1,679
Total Deductions	\$4,351	\$4,084	\$16,131	\$20,439	\$615	\$157	\$1,697	\$1,760
Increase (Decrease) in Net Assets	\$54,514	\$36,032	\$91,557	\$53,013	\$39	(\$37)	\$1,925	(\$696)

Management's Discussion and Analysis

Additions to IRC 457 net assets consist of member contributions of \$74.1 million in fiscal year 2004 compared to \$70.1 million in 2003. The increase is primarily due to an increase in member participation from 15,687 at June 30, 2003 to 17,332 at June 30, 2004. Net investment income amounted to \$33.5 million for fiscal year 2004, representing an increase in investment income of \$30.1 million from the \$3.4 million in net investment income for fiscal year 2003, due mainly to a rebound in the equity markets.

Deductions from the IRC 457 net assets consist primarily of participant withdrawals of \$16.1 million, a decrease of \$4.3 million from the prior fiscal year deductions of \$20.4 million. The decrease is due primarily to a decrease in retiree withdrawals.

Investments

The IRC 457 investments were \$370.2 million at June 30, 2004, which was \$90.9 million more than the \$279.3 million in total IRC 457 investments at June 30, 2003. IRC 457 asset allocation is participant directed.

At June 30, 2004, the IRC 457 held \$257.0 million in domestic and international equity securities, an increase of \$77.1 million from \$179.9 million at fiscal year end 2003.

At June 30, 2004, the IRC 457 held \$71.7 million in domestic debt securities, an increase of \$11.5 million from \$60.2 million at fiscal year end 2003.

At June 30, 2004, the IRC 457 held \$41.6 million in short-term investments, an increase of \$2.5 million from \$39.1 million at fiscal year end 2003.

Investments — SCPF

(Dollars in Millions)

Investment Class	Amount	Allocation	Current Year Return	Prior Year Return	Benchmark Return
Short-Term Investments	\$0.3	1.5%	1.0%	1.2%	1.0
Domestic Equity	10.5	51.7	19.2	0.2	19.1
International Equity	4.0	19.7	32.3	(6.5)	32.4
Domestic Debt Securities	5.5	27.1	0.5	15.5	(0.8)
Total or Overall Return	\$20.3	100.0%	16.4%	2.9%	16.1

Replacement Benefit Fund (RBF)

The RBF provides replacement retirement benefits to the small percentage of retired PERF members whose CalPERS retirement benefits earned are limited by Internal Revenue Code Section 415(b). Net assets held in trust for pension benefits increased by \$39,000 to \$53,000 at June 30, 2004, from \$14,000 at June 30, 2003.

Contribution revenues were \$652,000 for the 2004 fiscal year, an increase of \$532,000 from the 2003 fiscal year, primarily due to an increase in the number of retirees to 40 at June 30, 2004 from 16 at June 30, 2003.

The RBF incurred benefit expenses of \$615,000 for the 2004 fiscal year, an increase of \$458,000 from fiscal year 2003, primarily due to more members being eligible.

Investments

The RBF invests only in short-term securities. Total RBF investments were \$466,000 at June 30, 2004, which was \$443,000 more than the \$23,000 in total RBF investments at June 30, 2003. Short-term investments returned approximately 1.4 percent for fiscal year 2004, compared to 1.9 percent for fiscal year 2003.

Supplemental Contributions Program Fund (SCPF)

The SCPF was established effective January 1, 2000 to provide supplemental retirement benefits to members of CalPERS and is entirely member funded. Net assets held in trust for pension benefits increased by \$2.0 million (10.4 percent) to \$20.4 million at June 30, 2004, from \$18.4 million at June 30, 2003.

Management's Discussion and Analysis

Contribution revenues were \$741,000 for the 2004 fiscal year, an increase of 17.4 percent from the 2003 fiscal year, primarily due to an increase in program participation. Net investment income was \$2.9 million for fiscal year 2004, representing an increase in investment income of \$2.5 million from \$433,000 in net investment income for fiscal year 2003, primarily due to a rebound in the equities markets 2004.

For fiscal year 2004, participant withdrawals were \$1.6 million, a decrease of \$48,000 (2.9 percent) from fiscal year 2003.

Investments

The SCPF investments were \$20.3 million at June 30, 2004, which was \$1.8 million more than the \$18.5 million in total SCPF investments at June 30, 2003. The increase was primarily due to a rebound in the equity markets.

At June 30, 2004, the SCPF held \$14.5 million in domestic equity and international equity securities, an increase of \$1.2 million from \$13.3 million at fiscal year end 2003. Domestic equity and international equity securities experienced returns of approximately 19.2 percent and 32.3 percent for fiscal year 2004, compared to the 0.2 percent and negative 6.5 percent for fiscal year 2003. CalPERS benchmark returns for fiscal year 2004 were 19.1 percent and 32.4 percent, respectively. CalPERS uses the Custom S&P 500 Index and MSCI EAFE Index to provide a benchmark for our equity investment returns.

At June 30, 2004, the SCPF held \$5.5 million in domestic debt securities, an increase of \$0.7 million from \$4.8 million at fiscal year end 2003. Domestic debt securities returned approximately 0.5 percent for fiscal year 2004, compared to 15.5 percent for fiscal year 2003. CalPERS benchmark return for fiscal year 2004 was negative 0.8 percent. CalPERS uses the Citigroup 1-10 Year Treasury as a benchmark for its domestic debt security investment returns.

At June 30, 2004, the SCPF held \$348,000 in short-term investments, a decrease of \$32,000 from \$380,000 at fiscal year end 2003. Short-term investments returned approximately 1.0 percent for fiscal year 2004, which was about the same as fiscal year 2003.

Enterprise Funds

Employees' Health Care Fund (HCF)

Plan Activity

The HCF accounts for the activities of the CalPERS self-insured health care programs.

The self-insured health care programs incurred claims expenses of \$885.5 million for the 2004 fiscal year, an increase of 12.3 percent from the 2003 fiscal year, primarily due to enrollment growth, increases in provider pricing, and increased benefit utilization. Premium revenues were \$1.0 billion for the 2004 fiscal year, an increase of 10.8 percent from the 2003 fiscal year, primarily as a result of premium rate increases and enrollment growth. Net investment income was \$5.3 million for the 2004 fiscal year, a decrease of 15.6 percent from the 2003 fiscal year. As a result of the above, unrestricted net assets increased by \$103.4 million (61.4 percent) to \$271.8 million at June 30, 2004 due primarily to the increase in premium rates.

Investments

Investments of the HCF at June 30, 2004 and 2003 include highly-liquid, short-term securities and domestic debt securities. Investments increased \$116.8 million from \$269.7 million at June 30, 2003 to \$386.5 million at June 30, 2004. The increase was due primarily to the increase in premium rates.

Public Employees' Contingency Reserve Fund (CRF)

The CRF was established to fund administrative costs related to the CalPERS health care programs and to provide a contingency reserve for potential increases in future health care premium rates or health care benefit costs. The CRF also accounts for public agency health payments and remittances to contracted health care providers. Administrative fees earned by the CRF were \$16.2 million for the 2004 fiscal year, an increase of 123.6 percent from 2003 fiscal year administrative and other fees of \$7.3 million, due mainly to the increase in the administrative allocation rate during the 2004 fiscal year. Net investment income was \$1.8 million for the 2004 fiscal year, an increase of 60.7 percent from the 2003 fiscal year. Unrestricted net assets increased by \$2.6 million (96.3 percent) to \$5.3 million at June 30, 2004.

Management's Discussion and Analysis

Net Assets — Enterprise Funds

(Dollars in Thousands)

	HCF		CRF		LTCF		DCF	
	2004	2003	2004	2003	2004	2003	2004	2003
Assets								
Cash, Cash Equivalents								
& Receivables	\$39,919	\$42,972	\$100,336	\$99,711	\$19,220	\$15,575	\$364	\$225
Investments	386,467	269,665	137,234	121,497	1,232,519	930,762	2,996	1,732
Total Assets	\$426,386	\$312,637	\$237,570	\$221,208	\$1,251,739	\$946,337	\$3,360	\$1,957
Total Liabilities	\$154,570	\$144,220	\$232,240	\$218,499	\$1,517,953	\$926,038	\$2,985	\$1,651
Total Unrestricted								
Net Assets (Deficit)	\$271,816	\$168,417	\$5,330	\$2,709	(\$266,214)	\$20,299	\$375	\$306

Changes in Net Assets — Enterprise Funds

(Dollars in Thousands)

	HCF		CRF		LTCF		DCF	
	2004	2003	2004	2003	2004	2003	2004	2003
Revenues								
Self Insurance Premiums	\$1,042,720	\$941,185	\$ —	\$ —	\$225,128	\$200,936	\$ —	\$ —
Health Care Premiums								
Collected	—	—	1,410,584	855,736	—	—	—	—
Investment Income (Loss)	5,321	6,307	1,787	1,112	141,686	52,748	15	22
Administrative Fees								
& Other	—	—	16,218	7,252	—	—	918	1,232
Total Revenues	\$1,048,041	\$947,492	\$1,428,589	\$864,100	\$366,814	\$253,684	\$933	\$1,254
Expenses								
Claims Expense	\$885,500	\$788,654	\$ —	\$ —	\$53,022	\$41,106	\$ —	\$ —
Increase in Estimated								
Liabilities	960	10,385	—	—	585,000	(85,000)	—	—
Health Premiums								
Remitted	—	—	1,410,584	855,736	—	—	—	—
Administrative Expenses	58,182	49,885	15,384	17,033	15,305	15,416	864	1,016
Total Expenses	\$944,642	\$848,924	\$1,425,968	\$872,769	\$653,327	(\$28,478)	\$864	\$1,016
Increase (Decrease) in								
Unrestricted Net Assets	\$103,399	\$98,568	\$2,621	(\$8,669)	(\$286,513)	\$282,162	\$69	\$238

Management's Discussion and Analysis

Public agencies remitted \$1.4 billion for payments to contracted health care providers in fiscal year 2004. This is a 12.6 percent increase of \$158.0 million over 2003, due to an increase in participating public agencies and a premium rate increase.

Investments

Investments of the CRF at June 30, 2004 and 2003 included only highly-liquid, short-term securities, as investment balances are used to fund operating cash flows. Investments increased \$15.7 million from \$121.5 million at June 30, 2003 to \$137.2 million at June 30, 2004.

Public Employees' Long-Term Care Fund (LTCF)

The LTCF, which provides long-term care insurance to participating members, incurred claims expenses of \$53.0 million for the 2004 fiscal year, an increase of 29.0 percent from the 2003 fiscal year, due mainly to an increase in benefit utilization. Premium revenues were \$225.1 million for the 2004 fiscal year, an increase of 12.0 percent from the 2003 fiscal year, primarily due to a premium rate increase. Net investment income amounted to \$141.7 million for the 2004 fiscal year, an increase in investment income of 168.6 percent from the \$52.8 million in net investment income for the 2003 fiscal year, due mainly to a recovery in domestic and international equities in 2004. The unrestricted net assets of the CalPERS Long-Term Care Program decreased by \$286.5 million to a negative \$266.2 million during the 2004 fiscal year as a result of investment income in recent years being less than the actuarial expectations, an increase in liabilities due to the significant growth of inflation adjusted policies, and the adoption of more conservative actuarial assumptions. The

LTCF is in the process of reviewing its current policies and exploring different options to address the deficit.

Investments

Total LTCF investments were \$1.2 billion at June 30, 2004, which was \$301.7 million more than the \$930.8 million in total LTCF investments at June 30, 2003.

At June 30, 2004, the LTCF held \$779.9 million in domestic equity and international equity securities, an increase of \$194.9 million from \$585.0 million at fiscal year end 2003. Domestic equity and international equity securities experienced returns of approximately 19.2 percent and 32.6 percent for the 2004 fiscal year, compared to the 0.2 percent and negative 5.9 percent for fiscal year 2003. CalPERS benchmark returns for fiscal year 2004 were 19.1 percent and 32.4 percent. CalPERS uses the Custom S&P 500 Index and MSCI EAFE Index to provide a benchmark for our domestic and international equity investment returns. These benchmarks are representative of the returns that could be expected in a similar investing environment, and reflect the overall market environment.

At June 30, 2004, the LTCF held \$452.6 million in domestic debt securities, an increase of \$106.9 million from \$345.7 million at fiscal year end 2003. Domestic debt securities returned approximately 0.3 percent, compared to 15.5 percent for fiscal year 2003. CalPERS benchmark return for fiscal year 2004 was a negative 0.8 percent. CalPERS uses the Citigroup Large Pension Fund Index to provide a benchmark for our fixed income investment returns. This benchmark is representative of the returns that could be expected in a similar investing environment, and reflects the overall market environment.

Investments — LTCF

(Dollars in Millions)

Investment Class	Amount	Allocation	Current Year Return	Prior Year Return	Benchmark Return
Domestic Equity	\$523.8	42.5%	19.2%	0.2%	19.1%
International Equity	256.1	20.8	32.6	(5.9)	32.4
Domestic Debt Securities	452.6	36.7	0.3	15.5	(0.8)
Total or Overall Return	\$1,232.5	100.0%	14.2%	5.3%	14.3%

Management's Discussion and Analysis

Public Employees' Retirement System Deferred Compensation Fund (DCF)

The DCF accounts for fees charged by CalPERS for managing three investment options of the State of California Savings Plus Program and certain investment portfolios of the IRC 457 public agency program. The DCF reported administrative and investment management revenues of \$918,000 for the 2004 fiscal year, a decrease of 25.5 percent from the 2003 fiscal year. Administrative expenses of the DCF were \$864,000 for the 2004 fiscal year, which was a 15.0 percent decrease from the 2003 fiscal year. Net investment income amounted to \$15,000 for the 2004 fiscal year, a decrease of 31.8 percent from the 2003 fiscal year, due mainly to lower interest rates from 2003 to 2004. Unrestricted net assets increased by \$69,000 (22.5 percent) to \$375,000 at June 30, 2004.

Investments

Investments of the DCF at June 30, 2004 and 2003 included only highly-liquid, short-term securities. Investments increased \$1.3 million from \$1.7 million at June 30, 2003 to \$3.0 million at June 30, 2004.

Requests For Information

This Financial Report is designed to provide a general overview of CalPERS finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the CalPERS Fiscal Services Division, P.O. Box 942703, Sacramento, CA 94229-2703, or by calling (888) CalPERS (225-7377).

Basic Financial Statements

growing companies

Investing in private companies brings diversity to our portfolio, and enables us to achieve high returns for our members. A key part of our investment portfolio is our Alternative Investment Management Program (AIM).

Statement of Fiduciary Net Assets

As of June 30, 2004 (with Comparative Totals, as of June 30, 2003)

(Dollars in Thousands)

	Pension Trust Funds					
	PERF	LRF	JRF	JRF II	VFF	SPOFF
Assets						
Cash & Cash Equivalents	\$312,032	\$823	\$174	\$233	\$25	\$ —
Receivables						
Member, Public Agency,						
State & School	\$1,095,130	\$3	\$3,649	\$2,338	\$408	\$3,183
Investment Settlement & Other	1,372,392	—	3,620	—	—	—
Interest & Dividends	661,925	160	15	9	—	7
Due from Other Funds	7,430	—	—	—	—	—
Total Receivables	\$3,136,877	\$163	\$7,284	\$2,347	\$408	\$3,190
Investments, at Fair Value						
Short-Term Investments:						
Domestic	\$2,990,893	\$1	\$65	\$4,435	\$2	\$169
International	572,409	—	—	—	—	—
Securities Lending Collateral	25,454,352	—	—	—	—	—
Equity Securities:						
Domestic	68,904,350	44,915	—	48,448	1,357	185,970
International	33,601,508	14,615	—	25,300	—	—
Debt Securities:						
Domestic	38,212,998	74,806	—	48,626	861	—
International	4,778,873	—	—	—	—	—
Real Estate Equities:						
Debt on Real Estate Equities	(9,589,699)	—	—	—	181	—
Alternative Investments	8,321,345	—	—	—	—	—
Total Investments	\$194,916,574	\$134,337	\$65	\$126,809	\$2,401	\$186,139
Capital Assets, at Cost, Net of Accumulated Depreciation & Other Assets						
	\$267,510	\$ —	\$ —	\$ —	\$ —	\$ —
Total Assets	\$198,632,993	\$135,323	\$7,523	\$129,389	\$2,834	\$189,329
Liabilities						
Retirement & Other Benefits in						
Process of Payment	\$670,424	\$599	\$ —	\$ —	\$5	\$ —
Investment Settlement & Other	4,924,118	81	2,799	—	—	94
Estimated Insurance Claims						
Due to State of California & Public Agencies	—	—	—	—	—	—
Liabilities to Brokers for						
Securities Lending	25,454,352	—	—	—	—	—
Due to Other Funds	—	55	114	74	49	—
Total Liabilities	\$31,048,894	\$735	\$2,913	\$74	\$54	\$94
Net Assets Held in Trust for Pension Benefits (see Required Supplemental Schedule of Funding Progress)						
	\$167,584,099	\$134,588	\$4,610	\$129,315	\$2,780	\$189,235

The accompanying notes are an integral part of these financial statements.

Statement of Fiduciary Net Assets (continued)

As of June 30, 2004 (with Comparative Totals, as of June 30, 2003)

(Dollars in Thousands)

Pension Trust Funds			Agency Fund	Totals	
IRC 457	RBF	SCPF	OASI	2004	2003
\$ —	\$38	\$16	\$6,291	\$319,632	\$408,097
\$ —	(\$9)	\$32	\$ —	\$1,101,519	\$901,166
457	—	—	—	1,379,684	897,593
556	1	—	—	662,673	570,557
—	—	—	—	7,430	7,330
\$1,013	(\$8)	\$32	\$ —	\$3,151,306	\$2,376,646
\$41,561	\$466	\$348	\$ —	\$3,037,940	\$2,698,785
—	—	—	—	572,409	572,879
—	—	—	—	25,454,352	23,846,815
245,860	—	10,454	—	69,441,354	58,926,837
11,105	—	4,052	—	33,656,580	27,643,932
\$71,692	—	5,485	—	38,414,468	33,034,473
—	—	—	—	4,778,873	5,045,369
—	—	—	—	21,669,726	19,356,835
—	—	—	—	(9,589,699)	(7,760,995)
—	—	—	—	8,321,345	7,385,211
\$370,218	\$466	\$20,339	\$ —	\$195,757,348	\$170,750,141
\$ —	\$ —	\$ —	\$ —	\$267,510	\$169,751
\$371,231	\$496	\$20,387	\$6,291	\$199,495,796	\$173,704,635
\$ —	\$65	\$ —	\$ —	\$671,093	\$603,447
106	378	34	6,081	4,933,691	3,823,808
—	—	—	—	—	6,170
—	—	—	—	25,454,352	23,846,815
—	—	—	210	502	215
\$106	\$443	\$34	\$6,291	\$31,059,638	\$28,280,455
\$371,125	\$53	\$20,353	\$ —	\$168,436,158	\$145,424,180

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Fiduciary Net Assets

For the Year Ended June 30, 2004 (with Comparative Totals for the Year Ended June 30, 2003)

(Dollars in Thousands)

	Pension Trust Funds									Totals	
	PERF	LRF	JRF	JRF II	VFF	SPOFF	IRC 457	RBF	SCPF	2004	2003
Additions											
Retirement Contributions											
Members	\$2,266,445	\$56	\$11,262	\$8,131	\$—	\$—	\$74,146	\$—	\$741	\$2,360,781	\$1,976,483
Employers	4,261,347	—	12,016	18,240	223	40,894	—	652	—	4,333,372	1,988,837
Appropriation from the State of California General Fund	—	—	95,302	—	—	—	—	—	—	95,302	85,779
Total Retirement Contributions	\$6,527,792	\$56	\$118,580	\$26,371	\$223	\$40,894	\$74,146	\$652	\$741	\$6,789,455	\$4,051,099
Investment Income											
Net Appreciation (Depreciation) in Fair Value of Investments	\$18,474,587	\$10,862	\$—	\$13,386	\$249	\$18,965	\$28,280	\$—	\$2,876	\$18,549,205	\$634,313
Interest	1,971,748	232	59	45	—	22	2,996	2	5	1,975,109	2,195,070
Dividends	1,876,555	—	—	—	3	—	1,197	—	—	1,877,755	1,540,140
Real Estate	1,822,061	—	—	—	—	—	—	—	—	1,822,061	1,936,243
Other Income	1,386,076	—	—	—	—	—	2,508	—	—	1,388,584	313,315
Securities Lending Income	374,494	—	—	—	—	—	—	—	—	374,494	343,623
Less Investment Expenses:											
Costs of Lending	(271,460)	—	—	—	—	—	—	—	—	(271,460)	(266,358)
Real Estate	(979,453)	—	—	—	—	—	—	—	—	(979,453)	(978,990)
Other	(388,758)	—	—	—	—	(1,016)	(1,442)	—	—	(391,216)	(219,202)
Net Investment Income (Loss)	\$24,265,850	\$11,094	\$59	\$13,431	\$252	\$17,971	\$33,539	\$2	\$2,881	\$24,345,079	\$5,498,154
Other Income	\$6,723	\$—	\$4,020	\$—	\$—	\$—	\$3	\$—	\$—	\$10,746	\$12,985
Total Additions	\$30,800,365	\$11,150	\$122,659	\$39,802	\$475	\$58,865	\$107,688	\$654	\$3,622	\$31,145,280	\$9,562,238
Deductions											
Retirement, Death & Survivor Benefits	\$7,639,085	\$7,051	\$121,604	\$584	\$59	\$4,351	\$—	\$615	\$—	\$7,773,349	\$7,117,328
Refund of Contributions	151,526	214	238	203	—	—	—	—	—	152,181	115,247
Administrative Expenses	188,361	281	719	414	169	—	—	—	66	190,010	215,517
Participant Withdrawals	—	—	—	—	—	—	16,131	—	1,631	17,762	22,118
Total Deductions	\$7,978,972	\$7,546	\$122,561	\$1,201	\$228	\$4,351	\$16,131	\$615	\$1,697	\$8,133,302	\$7,470,210
Increase (Decrease) in Net Assets	\$22,821,393	\$3,604	\$98	\$38,601	\$247	\$54,514	\$91,557	\$39	\$1,925	\$23,011,978	\$2,092,028
Net Assets Held in Trust for Pension Benefits											
Beginning of Year	\$144,762,706	\$130,984	\$4,512	\$90,714	\$2,533	\$134,721	\$279,568	\$14	\$18,428	\$145,424,180	\$143,332,152
End of Year	\$167,584,099	\$134,588	\$4,610	\$129,315	\$2,780	\$189,235	\$371,125	\$53	\$20,353	\$168,436,158	\$145,424,180

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Assets and Liabilities — Agency Fund

For the Year Ended June 30, 2004

(Dollars in Thousands)

	OASI			Balance June 30, 2004
	Balance July 1, 2003	Additions	Deductions	
Assets				
Cash Held by State Treasurer	\$6,365	\$ —	\$74	\$6,291
Total Assets	\$6,365	\$ —	\$74	\$6,291
Liabilities				
Due to State of California General Fund	\$20	\$ —	\$ —	\$20
Contributions Due to Public Agencies	6,170	—	109	6,061
Due to Other Funds	175	35	—	210
Total Liabilities	\$6,365	\$35	\$109	\$6,291

The accompanying notes are an integral part of these financial statements.

Statement of Net Assets — Proprietary Funds

As of June 30, 2004 (with Comparative Totals, as of June 30, 2003)

(Dollars in Thousands)

	Enterprise Funds				Totals	
	HCF	CRF	LTCF	DCF	2004	2003
Assets						
Current Assets						
Cash & Cash Equivalents	\$8	\$6,911	\$1,916	\$ —	\$8,835	\$5,847
Receivables						
Member, Public Agency, State & School	3,130	92,988	17,304	—	113,422	112,895
Interest & Dividends	1,266	437	—	1	1,704	2,817
Due from Other Funds	35,515	—	—	—	35,515	36,700
Other	—	—	—	363	363	224
Total Receivables	\$39,911	\$93,425	\$17,304	\$364	\$151,004	\$152,636
Investments, at Fair Value						
Short-Term Investments:						
Domestic	\$332,610	\$137,234	\$58	\$2,996	\$472,898	\$344,453
Equity Securities:						
Domestic	—	—	523,760	—	523,760	395,249
International	—	—	256,067	—	256,067	189,793
Debt Securities:						
Domestic	53,857	—	452,634	—	506,491	394,161
Total Investments	\$386,467	\$137,234	\$1,232,519	\$2,996	\$1,759,216	\$1,323,656
Total Assets	\$426,386	\$237,570	\$1,251,739	\$3,360	\$1,919,055	\$1,482,139
Liabilities						
Current Liabilities						
Insurance Premiums & Claims in Process of Payment	\$8,984	\$192,192	\$4,352	\$ —	\$205,528	\$189,392
Estimated Insurance Claims Due to the State & Public Agencies	132,876	—	—	—	132,876	131,916
Due to Other Funds	1,001	39,104	481	1,857	42,443	43,815
Other	11,709	944	30,120	1,128	43,901	27,285
Total Current Liabilities	\$154,570	\$232,240	\$34,953	\$2,985	\$424,748	\$392,408
Long-Term Liabilities						
Estimated Liability for Future Policy Benefits	\$ —	\$ —	\$1,483,000	\$ —	\$1,483,000	\$898,000
Total Long-Term Liabilities	\$ —	\$ —	\$1,483,000	\$ —	\$1,483,000	\$898,000
Total Liabilities	\$154,570	\$232,240	\$1,517,953	\$2,985	\$1,907,748	\$1,290,408
Total Unrestricted Net Assets (Deficit)	\$271,816	\$5,330	(\$266,214)	\$375	\$11,307	\$191,731

The accompanying notes are an integral part of these financial statements.

Statement of Revenues, Expenses, and Changes in Fund Net Assets — Proprietary Funds

For the Year Ended June 30, 2004 (with Comparative Totals for the Year Ended June 30, 2003)

(Dollars in Thousands)

	Enterprise Funds				Totals	
	HCF	CRF	LTCF	DCF	2004	2003
Operating Revenues						
Self-Insurance Premiums	\$1,042,720	\$ —	\$225,128	\$ —	\$1,267,848	\$1,142,121
Health Care Premiums Collected	—	1,410,584	—	—	1,410,584	1,252,582
Other	—	16,218	—	918	17,136	8,484
Total Operating Revenues	\$1,042,720	\$1,426,802	\$225,128	\$918	\$2,695,568	\$2,403,187
Operating Expenses						
Claims Expense	\$885,500	\$ —	\$53,022	\$ —	\$938,522	\$829,349
Increase (Decrease) in Estimated Liabilities	960	—	585,000	—	585,960	(74,615)
Health Care Premiums Remitted to Insurance Carriers	—	1,410,584	—	—	1,410,584	1,252,582
Administrative Expenses	58,182	15,384	15,305	864	89,735	83,761
Total Operating Expenses	\$944,642	\$1,425,968	\$653,327	\$864	\$3,024,801	\$2,091,077
Operating Income (Loss)	\$98,078	\$834	(\$428,199)	\$54	(\$329,233)	\$312,110
Non-Operating Revenues						
Net (Depreciation) Appreciation in Fair Value of Investments	(\$155)	\$ —	\$136,392	\$ —	\$136,237	\$49,121
Interest, Dividends & Other Investment Income	5,476	1,787	5,294	15	12,572	11,068
Total Non-Operating Revenues	\$5,321	\$1,787	\$141,686	\$15	\$148,809	\$60,189
Change in Unrestricted Net Assets	\$103,399	\$2,621	(\$286,513)	\$69	(\$180,424)	\$372,299
Total Unrestricted Net Assets (Deficit)						
Beginning of Year	\$168,417	\$2,709	\$20,299	\$306	\$191,731	(\$180,568)
End of Year	\$271,816	\$5,330	(\$266,214)	\$375	\$11,307	\$191,731

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows — Proprietary Funds

For the Year Ended June 30, 2004 (with Comparative Totals for the Year Ended June 30, 2003)

(Dollars in Thousands)

	Enterprise Funds				Totals	
	HCF	CRF	LTCF	DCF	2004	2003
Cash Flows From Operating Activities						
Self-Insurance Premiums Collected	\$1,042,611	\$1,410,584	\$222,945	\$ —	\$2,676,140	\$1,141,052
Health Care Premiums Collected	—	—	—	—	—	855,736
Claims Paid	(884,980)	—	(51,898)	—	(936,878)	(897,672)
Health Care Premiums Remitted	—	(1,410,584)	—	—	(1,410,584)	(855,736)
Other (Payments) Receipts	(48,871)	17,085	(9,514)	1,249	(40,051)	7,170
Net Cash (Used) Provided by Operating Activities	\$108,760	\$17,085	\$161,533	\$1,249	\$288,627	\$250,550
Cash Flows From Investing Activities						
Proceeds from Sales of Investments	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Purchases of Investments	(5,518)	—	(165,360)	—	(170,878)	(170,823)
Net Change in Short-Term Investments	(111,439)	(15,737)	(5)	(1,264)	(128,445)	(86,245)
Interest & Dividends Received	6,116	2,257	5,296	15	13,684	11,132
Net Cash Provided (Used) by Investing Activities	(\$110,841)	(\$13,480)	(\$160,069)	(\$1,249)	(\$285,639)	(\$245,936)
Net Increase (Decrease) in Cash & Cash Equivalents	(\$2,081)	\$3,605	\$1,464	\$ —	\$2,988	\$4,614
Cash & Cash Equivalents, Beginning of Year	\$2,089	\$3,306	\$452	\$ —	\$5,847	\$1,233
Cash & Cash Equivalents, End of Year	\$8	\$6,911	\$1,916	\$ —	\$8,835	\$5,847
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	\$98,078	\$834	(\$428,199)	\$54	(\$329,233)	\$312,110
Changes in Assets & Liabilities:						
Receivables:						
Member, Public Agency, State & School	(109)	1,765	(2,183)	—	(527)	(95,821)
Due from Other Funds	441	745	—	—	1,186	(36,218)
Other	—	—	—	(139)	(139)	(89)
Insurance Premiums & Claims in Process of Payment	520	14,492	1,124	—	16,136	109,375
Estimated Insurance Claims Due to Health Care Providers	960	—	—	—	960	10,385
Liability for Future Policy Benefits Due to Other Funds	(434)	(910)	(589)	562	(1,371)	33,271
Other	9,304	159	6,380	772	16,615	2,537
Net Cash (Used) Provided by Operating Activities	\$108,760	\$17,085	\$161,533	\$1,249	\$288,627	\$250,550
Noncash Investing, Capital & Financing Activities:						
Noncash Change in Fair Value of Investments in Securities	(\$155)	\$ —	\$136,392	\$ —	\$136,237	\$49,121

The accompanying notes are an integral part of these financial statements.

Notes to the Basic Financial Statements

1. General Description of the Plan

General

The State Employees' Retirement System, the predecessor to the Public Employees' Retirement System of the State of California (CalPERS), or the "System," was created after voters approved a constitutional amendment authorizing legislation to establish a pension system for State employees. Such legislation became effective January 1, 1932. CalPERS has expanded to include, among others, employees of local agencies which elect to participate in the System. The Board of Administration (Board) of CalPERS administers a total of 14 funds, including five defined benefit retirement plans: the Public Employees' Retirement Fund (PERF), the Legislators' Retirement Fund (LRF), the Judges' Retirement Fund (JRF), the Judges' Retirement Fund II (JRF II), and the Volunteer Firefighters' Length of Service Award Fund (VFF); four defined contribution retirement plans: the State Peace Officers' and Firefighters' Defined Contribution Plan Fund (SPOFF), the Public Agency Deferred Compensation Program (IRC 457), the Replacement Benefit Fund (RBF), and the Supplemental Contributions Program Fund (SCPF); two health care plans: the Public Employees' Health Care Fund (HCF) and the Public Employees' Contingency Reserve Fund (CRF); and three other plans: the Public Employees' Long-Term Care Fund (LTCF), the Public Employees' Deferred Compensation Fund (DCF), and the Old Age & Survivors' Insurance Revolving Fund (OASI).

Reporting Entity

The basic financial statements of CalPERS include fund financial statements reporting the financial activities of all of the above funds and assets under trust. The CalPERS Board of Administration has plenary authority and fiduciary responsibility for the investment of monies and the administration of the System pursuant to the State Constitution, Article XVI, Section 17. CalPERS is a unit of the State of California State and Consumer Services Agency; however, CalPERS is not subject to administrative direction by any department, commission, board, bureau, or agency of the State. As such, CalPERS is classified as a component unit of the State of California for financial reporting purposes, in accordance with the provisions of Governmental Accounting Standards Board Statement No. 39.

CalPERS financial statements are included in fiduciary and proprietary funds in the State of California Comprehensive Annual Financial Report.

Defined Benefit Pension Plans

The PERF, LRF, JRF, and JRF II are defined benefit pension plans which provide benefits based on members' years of service, age, final compensation, and benefit formula. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. California Government Code Section 50951 created the VFF as an award system that provides benefits based on members' years of service and age. VFF enrollment, receipt of an award, and service credit shall not be construed as a retirement, retirement allowance or benefit, or as retirement system service credit, respectively. However, for financial statement purposes, the VFF is included as part of the pension trust funds.

The State of California and 1,504 public agencies and schools (representing more than 2,500 entities) contribute to the PERF, JRF, and JRF II, which are agent multi-employer defined benefit pension plans. CalPERS acts as the common investment and administrative agent for the member agencies, including schools (for classified employees). The LRF is a single-employer defined benefit pension plan for the State of California. The VFF is an agent multi-employer defined benefit pension plan with 61 participating fire departments. The VFF provides cities, counties, or districts that have fire departments with volunteer firefighting members the opportunity to offer such members an award for lifelong and faithful volunteer service.

Members of the PERF, LRF, JRF, and JRF II become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service. VFF members become vested after 10 years of credited service and are eligible to receive an award payment at age 60.

Notes to the Basic Financial Statements

The PERF was established in 1932, the LRF in 1947, the JRF in 1937, JRF II in 1994, and the VFF in 1980.

As of June 30, 2004 and 2003, the number of affiliated employers for the PERF, LRF, JRF, JRF II, and VFF are as follows:

	2004	2003
Public Employees' Retirement Fund		
State	1	1
School	61	61
Public Agency	1,443	1,422
Total Employers — Public Employees' Retirement Fund	1,505	1,484
Legislators' Retirement Fund	1	1
Judges' Retirement Fund	59	59
Judges' Retirement Fund II	59	59
Volunteer Firefighters' Award Fund	61	61

As of June 30, 2004 and 2003, benefit recipients and members in the PERF, LRF, JRF, JRF II, and VFF consisted of the following:

	2004								
	PERF			Total PERF	LRF	JRF	JRF II	VFF	Total
	State	School	Public Agency						
Retirees	127,533	106,157	118,336	352,026	155	1,027	2	80	353,290
Survivors & Beneficiaries	25,071	17,028	19,147	61,246	107	531	4	—	61,888
Members									
Active	245,670	302,081	256,222	803,973	17	894	690	1,070	806,644
Inactive	63,815	70,533	63,746	198,094	40	89	—	2,483	200,706
Total	462,089	495,799	457,451	1,415,339	319	2,541	696	3,633	1,422,528
	2003								
	PERF			Total PERF	LRF	JRF	JRF II	VFF	Total
	State	School	Public Agency						
Retirees	123,311	101,559	112,243	337,113	157	992	—	70	338,332
Survivors & Beneficiaries	24,260	16,468	18,310	59,038	107	531	3	—	59,679
Members									
Active	251,342	300,457	257,847	809,646	21	941	624	1,080	812,312
Inactive	67,935	72,714	64,065	204,714	39	98	—	2,403	207,254
Total	466,848	491,198	452,465	1,410,511	324	2,562	627	3,553	1,417,577

Notes to the Basic Financial Statements

The membership consists of the following categories.

PERF

- *Safety* — includes California Highway Patrol, peace officers, firefighters, and other employees whose principal duties are in active law enforcement or fire prevention and suppression work, or who occupy positions designated by law as safety member positions.
- *Schools* — includes non-teaching, non-certificated school employees.
- *State Industrial* — includes all employees of the Department of Corrections and the California Youth Authority who are not safety members.
- *General* — includes all other members, defined by statute as “miscellaneous” members.

LRF

- State Legislators
- Constitutional Officers
- Legislative Statutory Officers

JRF

- *Judges* — includes Supreme Court, Courts of Appeal, and Superior Courts appointed or elected before November 9, 1994.

JRF II

- *Judges* — includes Supreme Court, Courts of Appeal and Superior Courts appointed or elected on or after November 9, 1994.

VFF

- Volunteer Firefighters

Financing

The benefits for the PERF, LRF, JRF, and JRF II are funded by contributions from members and employers, and earnings from investments. The benefits for the VFF are funded solely by contributions from employers and earnings from investments. Member and employer contributions for the PERF, LRF, JRF, and JRF II are a percentage of

applicable member compensation. Member contribution rates for the PERF, LRF, JRF, and JRF II are defined by law and depend on the respective employer’s benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by State statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump-sum contributions made when agencies first join the Public Employees’ Retirement Fund, are credited with a market value adjustment in determining contribution rates.

The required contribution rates of active plan members are based on a percentage of salary over a base compensation amount ranging from \$133 to \$863 monthly. For the fiscal year ended June 30, 2004, the required contribution rates for active plan members are as follows.

PERF

State Employees:

Miscellaneous & Industrial	0%
Miscellaneous & Industrial — Second Tier	0%
Safety	1% or 3%
Peace Officers & Firefighters	3%
California Highway Patrol	8%
Classified School Employees	7%
Public Agency Employees	7% to 9%
LRF	0%
JRF	8%
JRF II	8%
VFF	Non-Contributory

The State of California, pursuant to the Memoranda of Understanding with the employee unions, agreed to a temporary cessation of employee retirement contributions for the 2004 fiscal year. As a result, the contribution rates were reduced from the usual statutory 5 percent or 6 percent to 0 percent.

These contributions are deposited in a fund established for each entity for the purpose of creating actuarial reserves for future benefits.

All employees in a covered class of employment who work on a half-time basis or more are eligible to participate in the retirement plans. CalPERS administers several different retirement plans, each providing a monthly allowance based

Notes to the Basic Financial Statements

on age, years of credited service, the benefit formula, and highest average compensation over an established period of one year to three years. For the VFF, highest average compensation is not a consideration in determining a monthly allowance. All plans provide death and disability benefits except the VFF, which does not provide disability benefits. Within the PERF, the benefit provisions for the State and school employees are established by statute. The benefits for the public agencies are established by contract with the System, in accordance with the provisions of the Public Employees' Retirement Law. The benefits for the LRF are established in accordance with the provisions of the Legislators' Retirement Law. The benefits for the JRF are established in accordance with the provisions of the Judges' Retirement Law. The benefits for the JRF II are established in accordance with the provisions of the Judges' Retirement System II Law. The benefits for the VFF are established in accordance with the provisions of the Volunteer Firefighters' Length of Service Award Act.

In November 1990, Article IV, Section 4.5 was added to the State Constitution by adopting Proposition 140. This section effectively prohibited future Legislators from earning State retirement benefits for service in the Legislature on or after November 7, 1990, though it recognized vested pension benefits that had accrued before that date.

Due to the effects of Proposition 140, the Legislators' Retirement Fund is in transition. The number of Legislators eligible to participate in the LRF is declining as incumbent Legislators leave office and are replaced by new Legislators who are not eligible to participate in the program. Eventually, the only active members in the fund will be approximately 16 constitutional officers (including the Insurance Commissioner and members of the Board of Equalization) and approximately four legislative Statutory Officers.

Costs of administering the funds are financed through contributions and investment earnings of the funds.

Termination

Upon separation from the retirement plans, members' accumulated employee contributions are refundable with interest credited through the date of refund, as required by applicable laws. Withdrawal of such accumulated contributions results in forfeiture of the related vested benefits.

In the event that public agencies elect to terminate their contracts with the retirement plans, accumulated member and employer contributions, interest, and the related liability for benefits may be transferred to the employers. If amounts are not transferred to the employer, sufficient assets required to cover the related liability for benefits are retained in the retirement plans. Excess assets above those required, if any, are returned to the employer, while the employer is billed for any deficiency in assets.

Defined Contribution Plans

SPOFF

The State Peace Officers' and Firefighters' Defined Contribution Plan Fund (SPOFF) is a defined contribution pension plan established by Chapter 820 of the 1998 Statutes. The plan is a qualified money purchase pension plan under Section 401(a) of Title 26 of the Internal Revenue Code, and is intended to supplement the retirement benefits provided by the PERF to eligible correctional officers employed by the State of California.

Contributions to the plan are funded entirely by the employer, with a contribution rate of 2 percent of the employee's base pay, not to exceed contribution limits established by the Internal Revenue Code. Contribution requirements are established and may be amended through a Memorandum of Understanding from the State of California Department of Personnel Administration. These contributions, as well as the participant's share of the net earnings of the fund, are credited to the participant's account.

The net earnings of the fund are allocated to the participant's account as of each valuation date, in the ratio that the participant's account balance bears to the aggregate of all participants' account balances. The benefit paid to participants will depend only on the amount contributed to participant's account and earnings on the value of the participant's account. Plan provisions are established and may be amended by statute. At June 30, 2004 and 2003, there were 34,903 and 34,176 participants, respectively.

IRC 457

The Public Agency Deferred Compensation Program (IRC 457) is an Internal Revenue Code Section 457(g)

Notes to the Basic Financial Statements

defined contribution plan administered by State Street Bank & Trust Company (acting as an agent of CalPERS) to provide benefits at retirement to public agency employees. Plan participation is voluntary to employees of participating public agencies, and contributions are separate from the defined benefit contributions made to CalPERS.

Members may contribute up to the limits established under the Internal Revenue Code. At June 30, 2004 and 2003, there were 17,332 and 15,687 participants, respectively, with account balances.

Members of the plan are allowed to change their contribution amount, transfer account balances among 14 investment options, or change the contribution percentages designated to each option on a daily basis. The 14 investment options are: Money Market Fund, Stable Fixed Income Fund, Bond Fund, S&P 500 Equity Index Fund, Active Large Cap Equity Fund, Russell 2000 Index Fund, Active Small Cap Equity Fund, International Equity Fund, Conservative Allocation Fund, Moderate Allocation Fund, Aggressive Allocation Fund, Insured Money Market Account, Certificate of Deposit, and the Self-Managed Options. Members may access their funds upon retirement, separation from employment, or other distributions as allowed under the Internal Revenue Code. The CalPERS Board of Administration has authorization under the Government Code of the State of California to establish plan provisions.

RBF

The Replacement Benefit Fund (RBF) was established by Chapter 938 of the 1995 Statutes and initially funded in 1998 to provide benefits to members of the PERF whose retirement benefit exceeds Internal Revenue Code Section 415(b) limits. IRC Section 415(b) imposes a dollar limit on the annual retirement benefits an individual may receive from a qualified defined benefit pension plan.

The RBF is funded on a “pay-as-you-go” basis. That is, money collected from an employer during any calendar year must be paid to the retiree during that same year. Employer contributions must be in amounts “equivalent to” the benefits not paid as a result of the limitations of IRC Section 415(b). CalPERS calculates the member’s retirement allowance based on the member’s choice of

retirement option. CalPERS also is responsible for calculating the applicable dollar limit under IRC Section 415(b), and setting the employer rates. At June 30, 2004 and 2003, there were 40 and 16 retirees, respectively, in the RBF.

SCPF

The Supplemental Contributions Program Fund (SCPF) was established January 1, 2000 by Chapter 307 of the 1999 Statutes, as a separate trust fund for the Supplemental Contributions Program (program), a defined contribution plan that provides supplemental benefits at retirement to members of CalPERS. The program is a qualified plan under Section 401(a) of Title 26 of the United States Code, administered by CalPERS.

Currently, the program is available only to State of California employees who are members of CalPERS. The program is entirely member funded, and participation is voluntary. Participant contributions are made on an after-tax basis and are separate from the defined benefit contributions made to CalPERS. Participants may be able to contribute to a deferred compensation or 401(k) plan in conjunction with the program, if the participant remains within the Internal Revenue Code Section 415(c) limits. Distributions are allowed only at retirement or permanent separation from employment. The CalPERS Board of Administration has authorization under the Government Code of the State of California to establish plan provisions. At June 30, 2004 and 2003, there were 1,010 and 1,041 participants in the SCPF, respectively.

Other Funds Administered by CalPERS

OASI

The Old Age & Survivors’ Insurance Revolving Fund (OASI) was established to consolidate the collection and payment for California public agencies of employee and employer contributions under the provisions of the federal Social Security regulations.

Federal legislation was enacted on October 21, 1986, which required direct remittance of Social Security contributions by individual public agencies and eliminates the intermediary collection and remittance of such contributions by individual public agencies and by State

Notes to the Basic Financial Statements

Social Security agencies, such as the OASI. As such, effective January 1, 1987, the OASI stopped receiving contributions from public agencies. The OASI has continued to operate in an agency capacity during the transition period. During the transition period, the OASI functions as an intermediary in the reconciliation of prior year payroll reporting with the federal government. As reconciliations are completed, amounts will be collected and remitted to the federal government or returned to local governments as refunds. If any liabilities are owed which the OASI cannot collect, the State of California or the appropriate public agency is responsible for payment.

HCF

The Public Employees' Health Care Fund (HCF) was established under the Public Employees' Medical and Hospital Care Act (PEMHCA) as of July 1, 1988. The self-funded plans, PERS Choice and PERSCare, are risk pools available to all entities that contract for health insurance coverage under PEMHCA. Having all members in a single risk pool spreads catastrophic claims over a large base and minimizes administrative expenses. PERS Choice and PERSCare retain all the risk of loss of allowable health claims. Fund members are not subject to a supplemental assessment in the event of deficiencies. Premium rates for PERS Choice and PERSCare are set by the Board based on a trend analysis of the historic cost, utilization, demographics, and administrative expenses of the HCF to provide for the claims incurred and the actuarially determined required level of reserves.

PERS Choice and PERSCare rely on operating cash flows and investment income to fund health benefit payments. During the 2004 fiscal year, the Board continued to increase member premiums and modified the plans' benefit structures to mitigate the impact of increasing costs associated with rapid enrollment growth, increases in provider pricing, and increased benefit utilization. Management believes that the current sources of funding for PERS Choice and PERSCare will be adequate to provide for benefits of the plans.

Public agencies participating in PERS Choice and PERSCare are required to make periodic premium payments based on rates as established by the Health Benefits Branch of CalPERS. Plan members pay the

difference between the premium rate and the employers' contribution. Administrative costs are financed through investment earnings.

CRF

The Public Employees' Contingency Reserve Fund (CRF) was established in 1962, with the passage of PEMHCA, to fund administrative costs related to the PEMHCA program, and as a contingency reserve for such items as increases in future rates or in future benefits. PEMHCA was expanded to include local public agency employees on a contract basis in 1967. The CRF is reimbursed by the State and contracting public agencies for costs incurred from administering the program.

PEMHCA establishes eligibility rules for the following:

- retirees and beneficiaries receiving health care benefits;
- terminated plan members entitled to but not yet receiving benefits; and
- active plan members.

Administrative costs include direct costs of the program and a proportionate share of indirect costs allocated to the CRF by the PERF. The administrative fee is determined as a percentage of insurance premiums paid by the employers. The administrative fee for the year ended June 30, 2004 and 2003 was 0.4 percent and 0.2 percent, respectively. Contribution rates are reviewed annually and are adjusted, if needed, to cover budgeted administrative costs.

The CRF also collects health care premiums from annuitants whose retirement allowances are not sufficient to pay their total contributions for the health care plans in which they are enrolled. The CRF remits these amounts to the Public Employees' Retirement Fund, which pays the appropriate health care plan.

Public agency employers whose employees do not elect PERS Choice and PERSCare submit the provider-determined, Board-approved premiums to the CRF which, in turn submits the premiums to the respective provider.

At June 30, 2004 and 2003, 1,142 and 1,149 entities, respectively, participated in health insurance coverage under PEMHCA.

Notes to the Basic Financial Statements

LTCF

The Public Employees' Long-Term Care Fund (LTCF) began providing self-insured long-term care plans in 1995. The LTCF operates by providing long-term care coverage to enrolled members under the Public Employees' Long-Term Care Act (PERL, Chapter 15). The fund contracts with a third party to administer the program. Long-term care coverage is offered to all public employees (active or retired), their spouses, parents, parents-in-law, and siblings. The LTCF is a member-paid program with no contributions from employers. Premium rates are recommended to the Board by the program actuary and are set by the Board. Prospective enrollees apply directly to the program for long-term care coverage.

As of June 30, 2004, there are 172,792 enrollees and 2,393 participants receiving benefits. As of June 30, 2003, there were 172,680 enrollees and 2,015 participants receiving benefits.

The unrestricted net deficit in the LTCF of \$266,214,000 at June 30, 2004 is attributable to an increase in estimated liabilities due to significant growth of inflation-adjusted policies and the adoption of more conservative actuarial assumptions. The LTCF is in the process of reviewing its current policies and exploring different options to address the deficit.

DCF

The Public Employees' Retirement System Deferred Compensation Fund (DCF) accounts for fees earned by CalPERS for managing certain investments. Fees include: 1) management fees CalPERS has received under a contract with the State of California Department of Personnel Administration, sponsor of the State of California Savings Plus Program, for managing three investment portfolios; and 2) management fees CalPERS has received under contracts with various State of California public agencies for managing 14 investment portfolios of the Public Agency Deferred Compensation Program (IRC 457).

The DCF was established by Chapter 1659 of the 1990 Statutes, which added Government Code Sections 21420-21429. Operation and initial funding of the DCF commenced July 1991. Administrative expenses incurred by

the DCF represent the reimbursement to the PERF of actual administrative expenses incurred by the PERF on behalf of the DCF.

The net assets of the three portfolios managed by CalPERS for the State of California Savings Plus Program are not included in the accompanying financial statements.

Financial statements for the three portfolios managed by CalPERS for the State of California Savings Plus Program may be obtained by contacting CalPERS.

2. Summary of Significant Accounting Policies

Measurement Focus, Basis of Accounting, and Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

The accounts of CalPERS are organized and operated on the basis of funds. CalPERS has the following fund types at June 30, 2004.

Fiduciary funds — including pension trust and agency funds, account for assets held by the government in a trustee capacity or as an agent on behalf of others. The pension trust funds (PERF, LRF, JRF, JRF II, VFF, SPOFF, IRC 457, RBF, and SCPF) are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Member contributions for the PERF, LRF, JRF, and JRF II are recognized in the period in which the contributions are due. Employer contributions for the PERF, LRF, JRF, JRF II, SPOFF, and RBF are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits under the defined benefit plans and refunds are recognized when due and payable in accordance with the terms of each plan. The agency fund (OASI) is custodial in nature and does not measure the results of operations. Assets and liabilities are recorded using the accrual basis of accounting.

Proprietary funds — including enterprise funds (LTCF, DCF, HCF, and CRF) are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are

Notes to the Basic Financial Statements

recorded when earned and expenses are recorded at the time liabilities are incurred. CalPERS applies all applicable GASB pronouncements in accounting and reporting for its proprietary operations, and follows FASB pronouncements as appropriate.

Operating revenues and expenses are distinguished from nonoperating items and generally result from providing services in connection with ongoing operations. The principal operating revenues of the HCF, CRF, LTCF, and DCF are derived from self-insurance premiums and providing administrative services. Operating expenses include the cost of claims and related administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Investments

As a result of Proposition 162 (State Constitution, Article XVI, Section 17), the CalPERS Board of Administration has plenary authority and fiduciary responsibility for the investment of monies. CalPERS invests in stocks, bonds, mortgages, real estate, alternative, and other investments. Alternative investments include two components: direct investments and partnerships. CalPERS maintains certain deposits, cash equivalents, and other investments with financial institutions.

All investments are reported at fair value. The fair values of investments in securities are generally based on published market prices and quotations from major investment firms. Many factors are considered in arriving at fair value. In general, corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. Investments in certain restricted common stocks are valued at the quoted market price of the issuer's unrestricted common stock, less an appropriate discount. Investments held in internal investment pools have been reported at fair value.

Mortgages are valued on the basis of their future principal and interest payments discounted at prevailing interest rates for similar instruments. The fair value of real estate investments, principally rental property subject to long-term net leases, is estimated based on independent appraisals. Short-term investments are reported at market value, when available, or at cost plus accrued interest, which

approximates market value when market values are not available. For investments where no readily ascertainable market value exists, management, in consultation with their investment advisors, has determined the fair values for the individual investments.

There are certain market risks, credit risks, liquidity risks, foreign currency exchange risks, and event risks which may subject CalPERS to economic changes occurring in certain industries, sectors, or geographies.

Derivatives

Under the State Constitution and statutory provisions governing CalPERS investment authority, CalPERS, through its outside investment managers, holds investments in futures and options and enters into forward foreign currency exchange contracts. Futures and options with fair values of approximately negative \$89,276,000 and negative \$182,909,000 are held for investment purposes and included within the financial statements at June 30, 2004 and 2003, respectively. Gains and losses on futures and options are determined based upon quoted market values and recorded in the Statement of Changes in Fiduciary Net Assets.

Due to the level of risk associated with certain derivative investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Forward foreign currency exchange contracts are used primarily to hedge against changes in exchange rates related to foreign securities. At June 30, 2004 and 2003, CalPERS has approximately negative \$89,051,000 and negative \$183,547,000 net exposure to loss from forward foreign currency exchange transactions related to the approximately \$38 billion and \$33 billion international debt and equity portfolios, respectively.

CalPERS could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. CalPERS investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, and exposure monitoring procedures. CalPERS anticipates that the counterparties will be able to satisfy their obligations under the contracts.

Notes to the Basic Financial Statements

Capital Assets

Capital assets are defined by CalPERS as assets with an initial individual cost of \$5,000 or more, and an estimated useful life in excess of one year.

Capital assets held by the PERE, consisting of buildings, furniture, and equipment, are recorded at cost or, if donated, at their estimated fair market value at the date of donation. Capital assets are depreciated over their estimated useful lives, ranging from one to five years for furniture and equipment and 40 years for buildings, using the straight-line method of depreciation.

The CalPERS Board of Administration has authorized approximately \$265,000,000 for the construction of additional headquarters space. During the 2004 fiscal year, \$94,684,000 was disbursed for land acquisition, site preparation, and building construction, to date.

Actuarial Valuation

The information included in the required supplemental schedules is based on the actuarial valuations performed as of June 30, 2003, which is the latest available information. Significant actuarial assumptions used in the valuations are included in the notes to the required supplemental schedules.

Reclassification of Prior Year Amounts

Certain amounts in 2003 comparative totals have been reclassified to conform with the current year presentation.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets and net assets held in trust for pension benefits and changes therein, IBNR, claims payable, and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from those estimates.

3. Cash and Cash Equivalents

Cash and cash equivalents of approximately \$328,467,000 and \$413,944,000 in 2004 and 2003, respectively, represent amounts held in the CalPERS general operating accounts with the State Treasury. These monies are not individually identifiable by fund, as they are pooled with the monies of other State agencies and invested by the State Treasurer's Office.

4. Investments

For the years ended June 30, 2004 and 2003, State Street Bank & Trust Company was the master custodian for significantly all of the securities of CalPERS, however, certain securities are held by Goldman Sachs and alternative investment managers. Real estate deeds of trust are held in the name of Limited Liability Corporations and Partnerships. The investments held by LRF, JRF II, VFF, SCPE, and LTCF have been commingled in three investment pools. Two of these investment pools are domestic equity securities and domestic debt securities, which are managed by CalPERS. The third pool is international equity securities, which is managed by State Street Bank & Trust Company. Each of the five funds has a different asset allocation based on Board-approved policy.

CalPERS investments are categorized on page 47 to give an indication of the category risk level assumed by the System at June 30, 2004, as defined by GASB Statement No. 3. Category 1, the lowest risk, includes investments that are insured or registered or for which the securities are held by CalPERS or its agent in the name of CalPERS. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the name of CalPERS. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the name of CalPERS. Investment pools managed by other governments, alternative investments, real estate equity investments, and securities on loan are not categorized.

Notes to the Basic Financial Statements

Securities Lending

The State Constitution and CalPERS Board policies permit CalPERS to use investments of the PERF to enter into securities lending transactions — loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future. CalPERS has contracted with Boston Global Advisors (BGA), Credit Suisse First Boston (CSFB), State Street Bank & Trust Company (SSB), Metropolitan West-CalPERS (Met West-CalPERS) and Metropolitan West E-PERS (Met West E-PERS) as third-party securities lending agents to lend domestic equity and debt securities for cash collateral of 102 percent and international debt and equity securities for cash collateral of 105 percent. Additionally, CalPERS internally manages collateral received by ESecLending for securities loaned. Securities on loan at year end are presented as not categorized in the following table. At June 30, 2004, management believes CalPERS has no credit risk exposure to borrowers because the amounts CalPERS owes the borrowers exceed the amounts the borrowers owe CalPERS. Contracts with the lending agents require them to indemnify CalPERS if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or if the borrowers fail to pay CalPERS for income distributions by the securities' issuers while the securities are on loan.

All securities loans can be terminated on demand by either CalPERS or the borrower, although the average term of the overall loans managed by BGA, CSFB, SSB, Met West E-PERS, and CalPERS Internally Managed fund is 45 days, 34 days, 45 days, 92 days, and 22 days respectively. The cash collateral received on each security loan was invested, in accordance with CalPERS investment guidelines, in short-term investment funds which at June 30, 2004, had weighted average maturities of 362 days, 102 days, 156 days, and 296 days for the CSFB, SSB, Met West E-PERS and CalPERS Internally Managed portfolios, respectively. Weighted average maturities for the BGA portfolio are not applicable. CalPERS is not permitted to pledge or sell collateral received unless the borrower defaults.

Real Estate

Real estate investments are classified as investments in accordance with GASB Statement 25. Certain real estate investments are leveraged whereby partnerships have been established to purchase properties through a combination of contributions from CalPERS and other investors and through the acquisition of debt. At June 30, 2004, real estate equities of approximately \$21,669,545,000 are reported at estimated gross fair market value. Of this amount \$12,079,846,000 is equity and \$9,589,699,000 is debt.

Required repayment of real estate debt is as follows.

(Dollars in Thousands)

Year Debt Matures	Amount
2004	\$677,613
2005	1,709,159
2006	1,873,981
2007	1,194,557
2008	411,455
2009	524,095
2010-2014	2,864,254
2015-2019	108,310
2020 & after	226,275
Grand Total	\$9,589,699

Other Investment Income

Total Other Investment Income earned by CalPERS in the 2004 fiscal year is \$1,386,076. This total consists of \$1,098,915,000 from income distributions earned in the Alternative Investment Management Program (AIM), and \$287,161,000 from securities litigation, sale of fractional shares, other miscellaneous income earned across all other investment portfolios and amortization income earned in the Fixed Income portfolios.

Notes to the Basic Financial Statements

The following tables present CalPERS investments and deposits by type, at June 30, 2004.

Investment Risk Categories

(Dollars in Thousands)

Investment Type	Category 1	Category 2	Category 3	Category Rating Not Required	Total
PERF					
Categorized					
Short-Term Investments:					
Commercial Paper & Banker's Acceptances	\$1,370,866	\$ —	\$ —	\$ —	\$1,370,866
International Currency	549,755	—	—	—	549,755
Securities Lending Collateral:					
Debt Securities Short Term	25,454,352	—	—	—	25,454,352
Equity Securities	87,183,806	—	—	—	87,183,806
Debt Securities	33,518,085	—	—	—	33,518,085
Not Categorized					
Alternative Investments:					
Direct Component	—	—	—	1,768,288	1,768,288
Limited Partnership	—	—	—	6,553,057	6,553,057
Pooled Investments	—	—	—	1,642,681	1,642,681
Real Estate Equity Investments	—	—	—	12,079,846	12,079,846
Investments Held by Broker-Dealers Under					
Securities Loans:					
Equity Securities	—	—	—	15,322,052	15,322,052
Debt Securities	—	—	—	9,473,786	9,473,786
Total Investments — PERF	\$148,076,864	\$ —	\$ —	\$46,839,710	\$194,916,574
All Other Funds					
Categorized					
Debt Securities	\$707,961	\$ —	\$ —	\$ —	\$707,961
Equity Securities	1,372,084	—	—	—	1,372,084
Not Categorized					
Pooled Investments	\$ —	\$ —	\$ —	\$504,539	\$504,539
Total Investments — All Other Funds	\$2,080,045	\$ —	\$ —	\$504,539	\$2,584,584
Total Investments	\$150,156,909	\$ —	\$ —	\$47,344,249	\$197,501,158

Deposit Risk Categories

(Dollars in Thousands)

Deposit Type	Category 1	Category 2	Category 3	Category Rating Not Required	Total
Insured Deposits	\$15,406	\$ —	\$ —	\$ —	\$15,406
Total Deposits	\$15,406	\$ —	\$ —	\$ —	\$15,406

Notes to the Basic Financial Statements

Net (depreciation) appreciation in the fair value of investments for the years ended June 30 was as follows.

(Dollars in Thousands)

	PERF		LRF		JRF II		VFF	
	2004	2003	2004	2003	2004	2003	2004	2003
Realized (Loss)								
Gain on Sale								
of Investments	\$3,546,303	(\$2,313,203)	\$15,834	\$5,970	\$2,728	\$619	\$170	\$58
Appreciation								
(Depreciation)								
in Fair Value								
of Investments	14,928,284	2,924,920	(4,972)	4,301	10,658	4,140	79	48
Net Appreciation								
(Depreciation)								
in Fair Value								
of Investments	\$18,474,587	\$611,717	\$10,862	\$10,271	\$13,386	\$4,759	\$249	\$106

Due to the types of investments held by the JRF, RBF, CRF, and DCF, there was no appreciation (depreciation) in fair value of investments in those funds for the years ended June 30, 2004 or 2003. The calculation of realized gains and losses is independent of the calculation of the change in the fair value of investments. Realized gains and losses of the current period include unrealized amounts from prior periods.

Notes to the Basic Financial Statements

<u>SPOFF</u>		<u>IRC 457</u>		<u>SCPF</u>		<u>HCF</u>		<u>LTCF</u>		<u>Totals</u>	
<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
\$289	(\$548)	\$291	(\$4,649)	\$10	(\$451)	(\$116)	(\$45)	\$10,268	\$ —	\$3,575,777	(\$2,312,249)
18,676	6,290	27,989	5,940	2,866	878	(39)	(4)	126,124	49,170	15,109,665	2,995,683
\$18,965	\$5,742	\$28,280	\$1,291	\$2,876	\$427	(\$155)	(\$49)	\$136,392	\$49,170	\$18,685,442	\$683,434

Notes to the Basic Financial Statements

5. Contributions and Reserves

Employer Contributions Actuarially Determined and Contributions Made

Employer contributions are calculated as a percentage of employer payroll. The payroll for employees covered by the PERF, LRF, JRF, and JRF II in 2004 was approximately \$34,807,363,000, \$2,224,000, \$134,473,000, and \$96,701,000, respectively.

The PERF and JRF II use a Modified Entry Age Normal Actuarial Cost Method, which is a projected benefit cost method. That is, the method takes into account those benefits that are expected to be earned in the future, as well as those already accrued.

According to this cost method, the normal cost for an employee pension liability is the level amount which would fund the projected benefit if it were paid annually from date of employment until retirement. The Entry Age Normal Actuarial Cost Method used by the PERF and JRF II is modified by CalPERS so that the employers' total normal cost is expressed as a level percentage of payroll. The PERF and JRF II use the level percentage of payroll method to amortize any unfunded actuarial liabilities.

The VFF uses the Unit Credit Actuarial Cost Method as the basis for its valuation. The LRF and JRF use the Aggregate Actuarial Cost Method as the basis for their valuations.

The significant actuarial assumptions used in the 2003 valuations to compute the actuarially determined contribution requirements for the PERF, JRF II, and VFF are the same as those used to compute the actuarial accrued liability.

Assumptions used in the actuarial valuations are included in the Notes to Required Supplemental Schedules.

Restrictions on Net Assets Available for Benefits

Included in the Net Assets Held in Trust For Pension Benefits is a restricted reserve that, by law, is retained in the PERF and LRF as a reserve against deficiencies in interest earned, potential losses under investments, court-mandated costs, and actuarial losses resulting from terminations, mergers, or dissolutions of contracting agencies. This reserve cannot

exceed 0.2 percent of total assets of the PERF and the LRF, and totaled approximately \$346,628,000 and \$297,898,000 as of June 30, 2004 and 2003, respectively.

PERF

Actuarial valuations of the PERF are performed annually. The last valuation was performed as of June 30, 2003, for the State, schools, and public agencies.

The total 2004 Net Retirement Contributions for the PERF amounted to approximately \$6,527,792,000, of which \$4,261,347,000 (the actuarially determined annual required contribution) came from 1,504 employers and approximately \$2,266,445,000 came from more than 803,000 members. Normal cost is 10.882 percent of covered payroll, and amortization of the unfunded liabilities is 0.006 percent of covered payroll. These figures are averages for all employers. The actual figures vary by each employer's plan.

LRF

The current contribution requirements of the LRF are based on actuarially determined rates promulgated as part of legislation passed in 1977.

Actuarial valuations of the LRF are required to be carried out at least every two years. The Board of Administration utilizes these actuarial valuations to make recommendations to the State for financing the Fund. For the fiscal year ending June 30, 2004, there was no statutory contribution required based on the June 30, 2002 valuation.

JRF

Contributions made by the State of California to the JRF are made pursuant to State statute and are not actuarially determined; however, an actuarial valuation of the JRF assets and liabilities is performed every year and is used by CalPERS to make recommendations for financing the JRF.

The California law which states that on and after January 1, 2003, the JRF shall be funded and actuarially sound was amended in conjunction with the adoption of the Judges' Retirement System II Law, which, among other provisions, eliminated the requirement that the JRF be

Notes to the Basic Financial Statements

funded and actuarially sound. Recommendations to achieve the necessary level of contributions have been submitted by the CalPERS Board to the Legislature.

As of June 30, 2004, funding was provided from the following sources to meet benefit payment requirements.

- **Member Contributions** — 8 percent of applicable member compensation.
- **Employer Contributions** — 8 percent of applicable member compensation.
- **Filing Fees** — Varying amounts depending on fee rate and number of filings.
- **Investments** — Current yield on short-term investments.
- **State of California “Balancing Contributions”** — An amount required by the Judges’ Retirement Law, at least equal to the estimated benefits payable during the ensuing fiscal year less the sum of 1) the estimated member contributions during the ensuing fiscal year and; 2) net assets available for benefits at the beginning of the fiscal year.

Under the pay-as-you-go basis, short-term investments as well as contributions received during the year are used to make benefit payments. Management and legal counsel believe the State of California is legally required to provide these required contributions to fund the benefits.

For the year ended June 30, 2004, the actual contributions made by the State to the JRF were approximately \$107,318,000, which is significantly less than the actuarially determined annual required contribution of approximately \$194,487,000.

Because current contributions are used to make benefit payments, the fund does not retain the accumulated contributions of active members. The cumulative contributions of all currently active members since inception were approximately \$135,603,000 and \$142,822,000 at June 30, 2004 and 2003, respectively, which exceeded Net Assets Held in Trust for Pension Benefits by approximately \$130,993,000 and \$138,311,000 at June 30, 2004 and 2003, respectively.

JRF II

Actuarial valuations for the JRF II are required to be carried out annually. The legislated State contribution rate will be adjusted periodically as part of the annual Budget Act in order to maintain or restore the actuarial soundness of the fund. The last actuarial valuation was performed as of June 30, 2003.

For the year ending June 30, 2004, the statutory employer contribution rate was 19.217 percent based on the June 30, 2002 actuarial valuation. Therefore, for the year ended June 30, 2004, the contributions made by the State to the fund were approximately \$18,240,000, which is slightly more than the actuarially determined required contributions of approximately \$18,208,000.

VFF

The current contribution requirements of the VFF are based on actuarially determined rates promulgated as part of the Volunteer Firefighters’ Length of Service Award Act passed in 1979.

Actuarial valuations of the VFF are required to be carried out at least every two years. The last valuation was performed as of June 30, 2003. The Board of Administration utilizes these actuarial valuations to make recommendations for financing the fund.

Contributions for prior service credits are recognized as revenue by VFF at the time a contract with the participating agency is executed. The participating agency may elect to pay the contributions for prior service credits in a lump sum or over a period of up to 10 years.

Notes to the Basic Financial Statements

6. Commitments

Contract commitments for the construction of additional headquarters space in the amount of \$58,120,000, to be paid upon satisfactory completion of work, were pending on June 30, 2004.

At June 30, 2004, CalPERS total active commitments to private equity funds was \$21.1 billion. Of this amount, \$7.5 billion remained unfunded and is not recorded on the CalPERS balance sheet.

At June 30, 2004, CalPERS total commitments to purchase real estate equity was \$698,740,000.

7. Contingencies

CalPERS is a defendant in litigation involving individual benefit payment and participant eligibility issues and arising from its normal activities. In the event of an adverse decision, any payments awarded by the courts would be recovered by CalPERS through prospective adjustments to the employer contribution rate. Based upon consultation with legal counsel, management believes there will be no material adverse effect on the basic financial statements as a result of the ultimate outcome of these matters.

8. Health Care Fund

Basis for Estimated Liabilities

The Public Employees' Health Care Fund (HCF) establishes claim liabilities based on estimates of the ultimate costs of claims (including future claim adjustment expenses) that have been reported but not settled and of claims that have been "incurred but not reported" (IBNR). The estimated claims liability was calculated by Blue Cross, the HCF's third-party administrator, at June 30, 2004, using a variety of actuarial and statistical techniques and adjusted for actual experience to produce current estimates that reflect recent settlements, claim frequency, and other

economic and social factors. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. The estimated claims liability of \$132,876,000 is carried at its face amount, and no interest discount is assumed. The IBNR portion represents an estimate for claims that have been incurred prior to June 30, 2004, but have not been reported to the HCF.

Anticipated Investment Income

Anticipated investment income is not included in the calculation of the annual premium requirement for HCF members.

Reinsurance

The HCF has not entered into any reinsurance or excess insurance agreements.

9. Long-Term Care Fund

The Public Employees' Long-Term Care Fund (LTCF) estimate of the funding level to provide for the payment of future claim benefits is predicated upon participation levels that are expected to be achieved by the program. The premiums from the LTCF are recognized during the period covered.

The LTCF establishes the liability for future policy benefits based on the present value of future benefits and expenses less the present value of future premiums. The liability for future policy benefits was calculated by the fund's actuary, using a variety of actuarial and statistical techniques as part of their actuarial review as of June 30, 2004. Certain key assumptions used in this calculation are a discount rate of 7.0 percent (the average rate of assumed investment yields in effect for the current year), morbidity, disability continuance, mortality, voluntary termination, and claims expense. The estimated liability for future policy benefits as of June 30, 2004, was \$1,483,000,000.

Notes to the Basic Financial Statements

The following represents changes in the aggregate estimated claims liabilities of the HCF for the years ended June 30:

(Dollars in Thousands)

	PERSCare/PERS Choice	
	2004	2003
Total Estimated Claims at Beginning of Fiscal Year	\$131,916	\$121,531
Incurred Claims & Claim Adjustment Expenses:		
Provision for Insured Events of the Current Fiscal Year	\$940,396	\$854,648
Decrease in Provision for Insured Events of Prior Years	(53,936)	(56,020)
Total Incurred Claims & Claim Adjustment Expenses	\$886,460	\$798,628
Payments:		
Claims & Claim Adjustment Expenses Attributable to Insured Events of the Current Year	\$807,520	\$722,732
Claims & Claim Adjustment Expenses Attributable to Insured Events of the Prior Fiscal Year	77,980	65,511
Total Payments	\$885,500	\$788,243
Total Estimated Claims at End of the Fiscal Year	\$132,876	\$131,916

Required Supplemental Schedules

growing companies

Investing in private companies brings diversity to our portfolio, and enables us to achieve high returns for our members. A key part of our investment portfolio is our Alternative Investment Management Program (AIM).

Required Supplemental Schedule of Funding Progress

(Dollars in Millions)

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2) – (1)	(4) Funded Ratios (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)
PERF						
6/30/94	\$77,850	\$80,530	\$2,680	96.7%	\$19,900	13.5%
6/30/95	83,775	87,673	3,898	95.6	20,800	18.7
6/30/96	94,230	96,838	2,608	97.3	22,322	11.7
6/30/97	108,566	97,925	(10,641)	110.9	22,504	(47.3)
6/30/98	128,830	106,938	(21,892)	120.5	24,672	(88.7)
6/30/99	148,605	115,748	(32,857)	128.4	27,636	(118.9)
6/30/00	162,439	135,970	(26,469)	119.5	28,098	(94.2)
6/30/01	166,860	149,155	(17,705)	111.9	30,802	(57.5)
6/30/02	156,067	163,961	7,894	95.2	32,873	24.0
6/30/03	158,596	180,922	22,326 ¹	87.7	34,784	64.2
LRF						
6/30/94	\$85.3	\$99.6	\$14.3	85.6%	\$5.0	286.0%
6/30/95	88.5	101.6	13.1	87.1	4.9	267.3
6/30/96	94.2	105.2	11.0	89.5	4.8	229.2
6/30/97 ²	N/A	N/A	N/A	N/A	N/A	N/A
6/30/98 ²	N/A	N/A	N/A	N/A	N/A	N/A
6/30/99 ²	N/A	N/A	N/A	N/A	N/A	N/A
6/30/00 ²	N/A	N/A	N/A	N/A	N/A	N/A
6/30/01 ²	N/A	N/A	N/A	N/A	N/A	N/A
6/30/02 ²	N/A	N/A	N/A	N/A	N/A	N/A
6/30/03 ²	N/A	N/A	N/A	N/A	N/A	N/A
JRF						
6/30/94	\$14.9	\$1,289.7	\$1,274.8	1.2%	\$150.0	849.9%
6/30/95	9.3	1,406.0	1,396.7	0.7	156.8	890.1
6/30/96	12.5	1,460.1	1,447.6	0.9	153.8	941.0
6/30/97 ²	N/A	N/A	N/A	N/A	N/A	N/A
6/30/98 ²	N/A	N/A	N/A	N/A	N/A	N/A
6/30/99 ²	N/A	N/A	N/A	N/A	N/A	N/A
6/30/00 ²	N/A	N/A	N/A	N/A	N/A	N/A
6/30/01 ²	N/A	N/A	N/A	N/A	N/A	N/A
6/30/02 ²	N/A	N/A	N/A	N/A	N/A	N/A
6/30/03 ²	N/A	N/A	N/A	N/A	N/A	N/A

Required Supplemental Schedule of Funding Progress (continued)

(Dollars in Millions)

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2) – (1)	(4) Funded Ratios (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)
JRF II						
6/30/95	\$.239	\$.071	(\$.168)	338.6%	\$.9	(18.7%)
6/30/96	2.388	2.813	.425	84.9	8.1	5.3
6/30/97	7.242	7.906	.664	91.6	15.4	4.3
6/30/98	15.120	15.043	(.077)	100.5	33.9	(0.2)
6/30/99	27.155	26.921	(.234)	100.9	40.0	(0.6)
6/30/00	40.503	41.619	1.116	97.3	43.0	2.6
6/30/01	55.955	60.933	4.979	91.8	61.5	8.1
6/30/02	71.929	76.459	4.530	94.1	72.8	6.2
6/30/03	96.107	105.116	9.009	91.4	87.3	10.3
VFF						
6/30/94	\$.799	\$.689	(\$.110)	116.0%	N/A	N/A
6/30/95	.931	.815	(.116)	114.2	N/A	N/A
6/30/96	1.078	.934	(.144)	115.4	N/A	N/A
6/30/97	1.360	1.121	(.239)	121.3	N/A	N/A
6/30/98	1.678	1.500	(.178)	111.8	N/A	N/A
6/30/99	1.987	1.805	(.182)	110.1	N/A	N/A
6/30/00	2.302	2.296	(.006)	100.3	N/A	N/A
6/30/01	2.524	2.183	(.341)	115.6	N/A	N/A
6/30/02	2.310	2.453	.143	94.2	N/A	N/A
6/30/03	2.786	3.206	.420	86.9	N/A	N/A

Notes:

¹ Beginning with the June 30, 2003 actuarial valuation, the assets and liabilities of the 3rd, 4th, 5th, and Indexed Levels of the 1959 Survivor Benefit Program are included in the PERF funding progress. The Unfunded Actuarial Accrued Liability (net assets in excess of the total Actuarial Liability) of the PERF by major employer group from the June 30, 2003 valuation is as follows: 1) \$11,953 for the State of California, 2) \$2,762 for schools, and 3) \$7,611 for public agencies.

² Beginning with the June 30, 1997 valuation, actuarial valuations were performed using the Aggregate Cost Valuation Method, which does not identify unfunded actuarial liabilities. Prior to the June 30, 1997 valuation, actuarial valuations were performed using the Aggregate Entry Age Normal Cost Valuation Method.

Required Supplemental Schedule of Employer Contributions

Year Ended June 30	PERF Employer Contributions		LRF Employer Contributions	
	Annual Required Contribution	% of Required Contributions Made	Annual Required Contribution	% of Required Contributions Made
1995	\$1,578,933,781 ¹	100%	\$2,051,934	27.5%
1996	1,850,103,438 ¹	100	2,014,826	28.3
1997	2,285,043,412 ¹	147 ²	1,933,367	127.8 ³
1998	2,289,526,403	100	2,022,421	33.4
1999	1,598,316,666	100	— ⁴	N/A
2000	362,614,344	100	— ⁴	N/A
2001	321,618,855	100	— ⁴	N/A
2002	800,964,553	100	— ⁴	N/A
2003	1,925,043,858	100	— ⁴	N/A
2004	4,261,347,422	100	— ⁴	N/A

Notes:

- ¹ Employer contributions to the PERF are shown net of the reduction in actuarially determined contributions resulting from the usage of A.B. 702 credits of approximately \$323,000, \$410,000, and \$642,000 in 1997, 1996, and 1995 respectively.
- ² Includes \$1.2 billion payment resulting from a court ruling of the S.B. 240 lawsuit (*Board of Administration v. Wilson*) which was appealed by the State and denied review by the California Supreme Court in May 1997. The Annual Required Contribution for 1997 is not affected by this payment.
- ³ Includes additional contributions made in arrears. The Annual Required Contribution is not affected by this payment.
- ⁴ Based on the June 30, 2002, 2001, 2000, 1999, 1998, and 1997 actuarial valuations, the annual required contributions for the years ended June 30, 2004, 2003, 2002, 2001, 2000, and 1999 were \$0.

Required Supplemental Schedule of Employer Contributions (continued)

JRF Employer Contributions		JRF II Employer Contributions		VFF Employer Contributions	
Annual Required Contribution	% of Required Contributions Made	Annual Required Contribution	% of Required Contributions Made	Annual Required Contribution	% of Required Contributions Made
\$104,438,091	47.8%	\$167,999	100.0%	\$58,515	100%
91,379,475	66.6	1,507,116	100.0	54,844	100
133,373,900	38.1	2,956,457	102.4	162,880	100
133,754,812	42.0	5,339,054	102.2	166,708	100
139,537,660	60.6	7,297,687	100.8	124,291	100
138,895,276	53.3	7,419,121	100.6	202,395	100
162,054,610	56.2	9,572,604	101.9	193,530	100
163,772,915	39.9	11,147,294	112.0	93,889	100
189,781,088	51.9	16,640,312	92.1	497,076	100
194,487,295	55.2	18,207,531	100.2	223,224	100

Notes to Required Supplemental Schedules

1. Actuarial Information

The information presented in the required supplemental schedules was determined as part of the actuarial valuations as of the dates indicated. Additional information as of the latest actuarial valuation is as follows.

	PERF	LRF	JRF	JRF II	VFF
Valuation Date	June 30, 2003	June 30, 2003	June 30, 2003	June 30, 2003	June 30, 2003
Actuarial Cost Method	Individual Entry Age Normal Cost	Aggregate Cost Method	Aggregate Cost Method	Aggregate Entry Age Normal Cost	Unit Credit
Amortization Method	Level Percentage of Payroll Closed	None ²	None ²	Level Percentage of Payroll Closed	Fixed Years
Remaining Amortization Period	17 Years for Schools, Average of 15 Years for Public Agencies, and 13 to 20 Years for the State Plans	None ²	None ²	Average of 9 Years	30 Years
Asset Valuation Method	Smoothing of Market Value	Smoothing of Market Value	Market Value	Smoothing of Market Value	Smoothing of Market Value
Actuarial Assumptions:					
Net Investment Rate of Return	7.75%	7.00%	7.00%	7.25%	7.50%
Projected Salary Increases ¹	Varies, Based on Duration of Service	3.25%	3.25%	3.25%	None
Post Retirement Benefit Increase	2% or 3% for State and schools Depending on plans System Varies 2% to 5% for Public Agencies	3.00%	3.25%	3.00%	None
¹ Includes Inflation at:	3.00%	3.00%	3.00%	3.00%	N/A

² The Aggregate Cost Method does not identify or separately amortize unfunded actuarial liabilities.

Required Supplemental Schedule of Claims Development Information

The table on the next page illustrates how the HCF earned revenues and investment income compared to related costs of loss and other expenses assumed by the HCF as of the end of each of the years presented. The rows of the table are defined as follows.

- 1) This line shows the total of each fiscal year's earned contribution revenues and investment revenues.
- 2) This line shows each fiscal year's other operating costs of the HCF, including overhead and claims expense not allocable to individual claims.
- 3) This line shows the HCF's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called *policy year*).
- 4) This section shows the cumulative amounts paid as of the end of successive years for each policy year.
- 5) This section shows how each policy year's incurred claims changed as of the end of successive years. This annual re-estimation results from new information received on known claims, as well as emergence of new claims not previously known.
- 6) This line compares the latest re-estimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

Required Supplemental Schedule of Claims Development Information (continued)

Public Employees' Health Care Fund — June 30, 2004

(Dollars in Thousands)

	Fiscal & Policy Year Ended				
	1995	1996	1997	1998	1999
1. Net Earned Required Contribution & Investment Revenues	\$339,018	\$340,907	\$340,596	\$359,466	\$396,255
2. Unallocated Expenses	\$22,202	\$27,031	\$29,796	\$26,873	\$37,869
3. Estimated Incurred Claims & Expenses, End of Policy Year	\$241,588	\$263,264	\$333,530	\$339,123	\$402,578
4. Paid (Cumulative) as of:					
End of Policy Year	\$171,950	\$187,679	\$262,248	\$269,645	\$327,336
One Year Later	218,480	236,082	312,932	316,528	373,345
Two Years Later	218,480	236,082	312,932	316,528	373,345
Three Years Later	218,480	236,082	312,932	316,528	373,345
Four Years Later	218,480	236,082	312,932	316,528	373,345
Five Years Later	218,480	236,082	312,932	316,528	373,345
Six Years Later	218,480	236,082	312,932	316,528	—
Seven Years Later	218,480	236,082	312,932	—	—
Eight Years Later	218,480	236,082	—	—	—
Nine Years Later	218,480	—	—	—	—
5. Re-estimated Incurred Claims & Expenses:					
End of Policy Year	\$241,588	\$263,264	\$333,530	\$339,123	\$402,578
One Year Later	218,480	236,082	312,932	316,528	373,345
Two Years Later	218,480	236,082	312,932	316,528	373,345
Three Years Later	218,480	236,082	312,932	316,528	373,345
Four Years Later	218,480	236,082	312,932	316,528	373,345
Five Years Later	218,480	236,082	312,932	316,528	373,345
Six Years Later	218,480	236,082	312,932	316,528	—
Seven Years Later	218,480	236,082	312,932	—	—
Eight Years Later	218,480	236,082	—	—	—
Nine Years Later	218,480	—	—	—	—
6. Decrease in Estimated Incurred Claims & Expenses From End of Policy Year	(\$23,108)	(\$27,182)	(\$20,598)	(\$22,595)	(\$29,233)

Required Supplemental Schedule of Claims Development Information (continued)

Public Employees' Health Care Fund — June 30, 2004

(Dollars in Thousands)

Fiscal & Policy Year Ended				
2000	2001	2002	2003	2004
\$472,233	\$581,015	\$747,491	\$947,492	\$1,042,720
\$35,780	\$41,180	\$43,926	\$50,296	\$57,913
\$537,181	\$599,337	\$684,425	\$854,658	\$940,396
\$443,109	\$495,466	\$562,894	\$722,732	\$807,520
498,607	554,361	628,405	800,712	—
498,607	554,361	628,405	—	—
498,607	554,361	—	—	—
498,607	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
\$537,181	\$599,337	\$684,425	\$854,658	\$940,396
498,607	554,361	628,405	800,712	—
498,607	554,361	628,405	—	—
498,607	554,361	—	—	—
498,607	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
(\$38,574)	(\$44,976)	(\$56,020)	(\$53,936)	\$ —

Supporting Schedules

growing companies

Investing in private companies brings diversity to our portfolio, and enables us to achieve high returns for our members. A key part of our investment portfolio is our Alternative Investment Management Program (AIM).

Administrative Expenses — All Funds

(Dollars in Thousands)

Personnel Services

Salaries & Wages	\$90,691
Employee Benefits	28,935
Total Personnel Services	\$119,626

Consultant & Professional Services

State of California Agencies	\$2,251
External Consultants	32,718
Health Plan Administrator Fees	53,800
Deferred Compensation Management/Custody Fees	66
Long-Term Care Administrator Fees	14,636
Total Consultant & Professional Services	\$103,471

Operating Expenses & Equipment

General Expense	\$4,551
Software	1,736
Printing	1,260
Postage	1,490
Communications	2,098
Data Processing Services	16,292
Travel	1,439
Training	1,467
Medical Examiners	642
Facilities Operation	15,848
Central Administrative Services	6,265
CSUS Foundation - Students	2,822
Administrative Hearings	258
Consolidated Data Center	1,088
Equipment	3,987
Total Operating Expenses & Equipment	\$61,243

Other Expenses

Depreciation Expense	\$6,609
Increase in Paid Absence Obligation	485
Reimbursements	(3,481)
Prior Year & Other	(8,208)
Total Other Expenses	(\$4,595)

Total Administrative Expenses — All Funds

\$279,745

Other Investment Expenses — All Funds

(Dollars in Thousands)

External Securities Management Fees & Other Fees

	Net Assets Managed at Fair Value	Fees		Net Assets Managed at Fair Value	Fees
External Domestic Equity Managers					
Active Value Fund	\$ —	\$1,230	Westcap Investors (MDP)	150,760	648
Alliance Cap Mgmt. L.P./Sanford C. Bernstein	—	873	Brown Capital Management-IRC457	36,389	49
Blackrock International	781,677	271	CalPERS Management Services-IRC457	150,897	399
Broadmark Asset Management (MDP)	230,437	56	CitiStreet-IRC457	333,760	916
Brown Capital Management	—	3	Calif. Dept. of Personnel Admin.-IRC457	71,701	78
CalPERS Hedge Fund Partners	—	1,789	State Street Global Advisors-SPOFF	185,970	1,016
Denali Advisors, LLC (MDP)	765,756	331	Total External Domestic Equity Managers		\$36,155
Dimensional Fund Advisors	102,647	109	Global Equity Managers		
Franklin Advisors, Inc.	—	795	Alliance Bernstein Institutional Inv.	\$749,839	\$4,094
Geewax, Terker & Company	779,488	683	Arrowstreet Capital, L.P.	560,126	670
Golden-Large Core Investments (MDP)	662,745	312	Arrowstreet (MDP)	99,299	103
Golden-Large Value Investments (MDP)	47,056	546	Artisan Partners L.P.	604,657	336
Golden-Small Core Investments (MDP)	196,692	352	Axa Rosenberg	763,007	1,098
Goldman Sachs Asset Management	104,919	765	Baillie Gifford Overseas Limited	594,231	821
Highland Capital Management, L.P.	631,918	1,353	Bank of Ireland	\$461,554	\$1,017
ING Ghent Asset Management, LLC	276,428	948	Capital Guardian	710,292	775
J.P. Morgan	257,137	152	Columbia Management Advisors	—	41
Knight Vinke Institutional Partners	—	1,751	Dimensional Fund Advisors	887,565	2,033
LM Capital Investment (MDP)	916	114	GE Asset Management	479,063	386
LM Capital Ventures (MDP)	166,603	129	Genesis Asset Managers	647,037	1,314
Oak Associates, Ltd.	533,372	557	Grantham, Mayo, Van Otterloo, & Co., LLC	783,835	5,437
Oppenheimer Capital	647,749	513	Mastholm Asset Management	10	839
Osprey Partners	610,146	902	Nomura Asset Management U.S.A., Inc.	795,786	746
Nomura Corporate Research & Asset	266,309	990	Northroad Capital Investments (MDP)	199,957	223
Pacific Alternative Asset Management (HEDGE)	—	50	Oechsle International Advisors	527,301	578
Pacific Investment Management Company, LLC	265,073	1,134	Pareto Partners (Currency Forwards)	—	2,239
Progress Putnam Lovell (MDP)	—	733	Philippe Investment Management (MDP)	143,078	558
Progress Putnam Lovell Ventures (MDP)	—	339	Putnam Investments	—	250
Putnam Advisory Company	—	258	Pyrford Investments (MDP)	387,355	1,298
Pzena Investment Mgrs., LLC	900,789	1,822	Schroder Capital Management International, Inc.	—	594
Relational Investors	835,673	3,375	Sparx Value Creation Fund SW7H	—	787
Rigel Capital LLC-Large Cap (MDP)	133,041	211	State Street Bank (Currency Forwards)	—	762
Rigel Capital LLC-Small-Mid Cap (MDP)	27,442	42	State Street Bank	23,903,127	2,206
Shenandoah Asset Management (MDP)	127,590	371	Total Global Equity Managers		\$29,205
Shenkman Capital Management, Inc.	93,059	798	Global Fixed Income Managers		
Smith Asset Management GP Large Cap (MDP)	126,186	163	Baring Asset Management	\$1,161,580	\$823
Smith Asset Management GP Small Cap (MDP)	86,550	109	Bridgewater Associates	1,107,163	805
Smith Graham & Co. (MDP)	128,850	411	Julius Baer Invest Management, Inc.	949,870	752
Steinberg Priest Small Capital Inv. (MDP)	—	151	Rogge Global Partners	1,235,596	895
Steinberg Priest High Yield Inv. (MDP)	—	224	Wellington Management Company	565,911	473
Strategic Investments (MDP)	—	1,468	Western Asset Global Management	575,183	312
Strategic Ventures (MDP)	—	501	Total Global Fixed Income Managers		\$4,060
Stux Investments (MDP)	202,607	132	Total External Securities Management Fees & Other Fees		
Taiyo Fund Management Company	—	3,007			\$69,420
The Boston Company Asset Management, LLC	691,913	515			
Timeless Investments (MDP)	220,906	944			
Weiss Peck & Greer, LLC	600,071	767			

Other Investment Expenses — All Funds (continued)

(Dollars in Thousands)

External Securities Management Performance Fees ¹

	Fees
External Domestic Equity Managers	
Alliance Cap Mgt, L.P./Sanford C. Bernstein	\$3,446
Blackrock International LTD.	320
Franklin Advisor, Inc.	2,013
Golden-Large Core Investment	111
Golden-Large Value Investments	276
Golden-Small Core Investment	126
Highland Capital Management	4,017
Pzena Investment Managers, LLC	8,426
The Boston Company Asset Management, LLC	276
Total External Domestic Equity Managers	\$19,011
Global Equity Managers	
Axa Rosenberg	\$1,176
Bank of Ireland	132
Capital Guardian	324
Grantham, Mayo, Van Otterloo & Company	5,291
Nomura Asset Management	3,376
Schroder Investment Management	114
Total Global Equity Managers	\$10,413
Global Fixed Income Managers	
Baring Asset Management	\$459
Julis Baer	360
Rogge Global Partners	1,131
Wellington Management Company	921
Western Asset Management Company	497
Total Global Fixed Income Managers	\$3,368
Total External Securities Management Performance Fees	\$32,792
Total External Securities Management Fees, Performance Fees, & Other Fees	\$102,212

Note:

¹ Net Assets at Market Value listed under Management Fees.

(Dollars in Thousands)

Real Estate Advisors Asset Management Fees

	Net Assets Managed at Fair Value	Fees
Real Estate Advisors Asset Management Fees		
Andrew Miller Capital Advisors	\$ —	\$558
U.S. Retail Malls (First Washington)	546,189,613	3,227
Total Real Estate Advisors Asset Management Fees		\$3,785
Real Estate Partners Asset Management Fees		
Aetos Capital Asia	\$13,369,274	\$1,710
AEW Capital Management	131,571,502	1,340
Buchanan Street Advisors, LP	48,050,828	468
Capri Capital Management	26,299,221	224
CIM Urban Fund Group, LLC	70,581,620	6,075
CWP Capital Advisory, LLC	920,657,660	5,236
DB Global	205,561,168	497
DIVCO	1,916,758	344
Eastern Shopping Center	767,570,506	3,996
General Investment & Development	416,653,529	3,739
Global Innovation Partners	394,208,635	5,950
Great Eastern Timber Group	423,917,113	1,935
Hampshire	3,448,752	188
Hearthstone Housing Partners	39,603,804	1,728
Hines National Office Partnership	1,492,318,070	7,474
Infill Investments	1,506,791	6
Institutional Housing Partners	289,273,553	14,717
Institutional Mall Investors, LLC	925,242,928	4,662
KSC	2,362,572	38
Kennedy Associates	34,421,166	283
La Salle	946,124,932	6,079
Lend Lease (EQK)	4,687,709	754
MacFarlane/Weyerhaeuser	114,504,588	9,018
Newland Capital Advisors	408,750,344	4,222
Olympic Realty Advisors	36,525,791	5,067
Pacific Vinyard	76,771,076	572
Pical	9,611,101	16
Residential	17,998,435	1,307
RREEF	1,787,918,734	12,595
Security Capital International	16,503,084	222
Secure Capital-Japan	7,908,697	486
Shadduck Hammond Sr. Housing	68,615,539	1,867
SSR	644,816,902	3,617
UBS Brinson	50,330,597	491
Wells Fargo Housing Fund	57,068,155	1,861
Total Real Estate Partners Asset Management Fees		\$108,784
Incentive Fees Real Estate Partners		\$60,738
Incentive Fees AIM Partnership Investment & Corporate Governance Limited Partnerships		\$2,468
Internal Mortgage Loan Fees		\$1,973
Total Real Estate Managers, Advisors, & Partners		\$177,748

Other Investment Expenses — All Funds (continued)

(Dollars in Thousands)

Other Investment Consultants

	Net Assets Managed at Fair Value	Fees
Consultant Fees		
Barra		\$518
Blackrock		3,060
Charles River Development		549
Garland Associates, Inc.		10
Hamilton Lane Advisors, Inc.		650
KPMG		1,241
McKinsey & Company, Inc.		963
Oxford Analytica		667
Pacific Gateway Group		900
PCA		880
Pension Consulting Alliance		246
Price Waterhouse Coopers, LLP		1,504
R & G Associates		1,394
Probitas Portfolio Management, LLC		699
Sextant		100
State Street-Private Edge		1,749
Strategic Investment Solutions		139
Thomas Weisel Partners		31
Verite		458
Wilshire Associates		2,108
Total Consultant Fees		\$17,866
Attorneys & Master Custodian Fees		
Cadwalader Wickersham & Taft, LLP		\$112
Christensen		124
Covington & Burling		13
Cox, Castle & Nicholson, LLP		120
Foley & LA		97
Goldman Sachs Prime Brokerage		264
Hogan & Hartson		1
Investor Responsibility Support Services		5
Kaplan Fox		19
McDonough, Holland, & Allen		315
Orrick		236
Paul, Hastings, Janofsky & Walker		780
Pillsbury Winthrop		1,128
Piper Rudnick		618
Preston, Gates & Ellis		304
State Street Bank & Trust Company		9,253
Total Attorney & Master Custodian Fees		\$13,389
Total Other Investment Consultants		\$31,255
Miscellaneous Investment Expenses		\$70,849
Directed Brokerage Expense		\$9,152
Total Investment Expenses — All Funds		\$391,216

Consultant and Professional Services Expenses — PERF

(Dollars in Thousands)

Individual or Firm	Fee	Nature of Service
Trinity Technology Group, Inc.	\$4,796	Enterprise Architecture Maintenance & Support; Oracle Middleware Maint. Support
Medstat Group	2,200	Health Care Decision Support System
State Controller's Office	1,859	Retiree Warrant Processing; Expedite Processing Fees
Venturi Technology Partners	1,623	Enterprise Network Communications Support; Mainframe Operating System Support
Covansys	1,485	Various Consulting Contracts
ADSI, Inc.	1,421	Support of Application System Support
Delegata	1,340	Member Self Svc. & Automated Communication Exchange System Maint./Support
Oracle	1,172	Oracle DBA Support; Oracle Database Administration Support
Moore Wallace	1,042	Process Member Statements; Mass Mailing & Printing Services; Board Elections
Princeton Solutions Group, Inc.	923	Support Corporate Database Application Java Architecture
Synergy Consulting, Inc.	914	Enhancement/Maintenance Release Work; Data Administration Certification Support
SeeBeyond	715	Enterprise Application Integration Services
Mercer Human Resource Consulting	708	Health Benefit, Medical Mgmt. and Pharmaceutical Benefit Mgmt. Consulting
Bearingpoint Inc. formally KPMG Cons	651	Project Management Office Support; Contract Compliance Project
Business Advantage Consulting	570	Record Retention Project; Service Credit Costing Performance Improvement
Shooting Star Solutions, LLC	560	Information and Business Process Mapping and Modeling
Information Technology SW Professional	510	Benefit Equity and RIBS Service Request; PeopleSoft Technical Resource for Upgrade
Lussier, Vienna, Gregor & Associates	507	Federal Legislative Representative
Gabriel, Roeder, Smith Co.	499	Annual Valuations System; Proprietary Software Support
Eclipse Solutions, Inc.	485	Diagnostic Review of Information Technology Resources within CalPERS
Stanfield Systems, Inc.	436	Mainframe Technical Support; Straight Through Processing Project Mgmt. Support
Conrad & Associates	432	Real Estate Compliance & Construction Audits
Electronic Data Systems	430	Digital Images Conversion for Employer-Based Documents
Wirestone	399	Web Reengineering Project; Marketing Services
Access Data	331	PeopleSoft Training, Issue Resolution, Data Cleanup and Preparation for 8.8 Upgrade
Pyramid Technical Consultants, LLC	325	Directory Based Security Implementation Proj.; Equity Order Management System
Steptoe & Johnson, LLP	321	Tax Counsel
Deloitte & Touche	311	Audit Services
Bloomquist & Co., LLC	292	Provide Status Reports of Litigation Involving Portfolio Companies
Spherion Corporation	290	Automated Communication Exchange Data Base; Oracle Data Base Access Support
Lance Jackson Enterprise	273	Retirement Info. And Benefits System; Service Credit Buyback
Turner Construction	250	Provide Construction Management Services for the R Street Project
Roberta Reagan, Inc.	246	Legacy System Support; Mainframe Enhancement & Defect Correction Support
Access Data Corp.	218	Investment Accounting & Reconciliation (IAR) Maintenance and Application Support
Advance Programming Institute	217	Pension Fund Risk Measurement System Project
Whitehead Mann	213	Executive Search
Tek Systems	204	Oracle Data Base Access System
Sacramento Municipal Utility District	204	On-Site & Off-Site Network Line Extension for the R Street Project
Live Networking, Inc.	192	BIS Technology Design and Support
Mara Consulting, Inc.	185	RIBS Legacy Support
Cedar Enterprises Solutions, Inc.	183	Application, Business Analysis and Enhancement
Govsec, Inc.	180	Information Security Office Consulting Services
EFI Actuaries	179	Asset Allocation Workshop; Professional Actuarial Auditing Services
Stealth Networking Communication	166	Interactive Voice Response; Technical Assessment Research
Firestar Productions	158	Video Productions
Global Access, LLC	156	Oracle Data Base Access Support; Actuarial Valuation Database Support
Dee Hansford Consulting	153	All Staff Training
Saber Consulting, Inc.	148	Death Benefits Workflow Project
IBM Corporation	140	Team Play Support Services
Two Shea Consulting, Inc.	139	Annual Member Statements
Parent/Health Actuarial/Benefits Consultants	139	Health Actuarial/Benefits Consulting Service; HPDD Vendor Pool
Kearnford Application Systems Design	136	CRS Project Data Cleanup
Perot Systems Government Services	129	Training for PeopleSoft Purchase Order, Asset Management & Accounts Payables Modules
Wright On-Line Systems	116	Computer Telephony Integration Database Oracle Data Base Access Support

Consultant and Professional Services Expenses — PERF (continued)

(Dollars in Thousands)

Individual or Firm	Fee	Nature of Service
PM/CM Services, Inc.	\$116	Construction Project Management for Offsite Parking Project
Regents of the University	113	Training Courses
ATV Video Center	112	Audio Visual Support Services
Foley & Lardner	110	Provide Legal Services to the Board in Connection with Health Care Law
DSS Research, Inc.	100	Member Satisfactory Survey
Russbo, Inc.	92	System Access Management Phase II
Eagle Management Group	90	CalPERS Exhibition Booth Maintenance
Alliance for Strategic Leadership	89	Multi-Rater Feedback Leadership Program
California State Assembly Rules	83	Provide Research/Analysis of Legal/Legislative Matters
Watson Wyatt Worldwide	80	Recruiting Services
Rapidigm, Inc.	77	PeopleSoft Financials System Upgrade from Version 7.5 to 8.8
Kendall Concepts	75	Production Services
Results Group	75	Leadership Management Training Consulting Services
Cooperative Personnel Services	75	Human Resource Services Project
Adcom Media	74	Video Production Services
NetWorks, Corporation	73	Radia 3 Upgrade; Radia Patch Manager Project
County of Sacramento	72	Sewer Service
Ed Friend, Inc.	68	Actuarial Audit Services
Newpoint Group	61	Strategic and Project Planning
Office Workouts	58	Aerobic Instruction
Herman, Mathis, Casey, Kitchens & Gerel, LLP	57	Audit Contract
Peters Shorthand Reporting	54	Court Reporting
Hoyt Company, The	47	Transportation Services
Network Associates	45	Provide Consulting Services for the Magic 7.52 Upgrade
Christensen, Miller, Fink, Jacobs, Glaser	44	Provide Legal Services to the Board in Connection with Alternative Invest. Mgmt.
Chapman Cutler	41	Provide Legal Services to the Board in Connection with Alternative Invest. Mgmt.
Engage Integrated Systems Technology	40	Disaster Recovery Planning Services
Felderstein, Willoughby & Pascuzzi, LLP	40	Bankruptcy Counsel
SF Video, Inc.	39	Video Production Services
City of Sacramento	38	R Street Project Engineering Fee and Meter Rental
Intersoft Systems and Programs, Inc.	38	Retirement Information and Benefits System Support; Legacy System Support
Runyon, Saltzman & Einhorn, Inc.	37	Writing, Editorial & Marketing Services
Synergex	36	PVCS Dimensions Customized Implementation
Pricewaterhousecoopers, LLP	35	Provide Insights on Corporate Governance Leading Practices and Considerations
Williams, James E.	34	Deferred Compensation Program
Natoma Technologies	30	CRS Project Participant Team Case Writer
Gail Mancarti Consulting	30	Teambuilding, Strategic Planning and Leadership Coaching
Cooper Consultants Corporation	30	Pension Consultant Evaluation Process
Ciber, Inc.	29	Open Enrollment Application
Knapp, Petersen & Clark	28	Provide Services to the Board Relating to the Evaluation of Outside Counsel Bills
Preston, Gates & Ellis	26	Provide Legal Services to the Board in Connection with Health Care Law
Paul, Hastings, Janofsky, Walk	25	Provide Legal Services to the Board that Relate to Investment in Real Estate Assets
CURSI SCE Enterprises, LLC	25	R Street Project Sidewalk Concrete and Sealant Repairs
Incentive & Destination Management	23	Conference Planner
Verity, Inc.	23	Develop Custom Code to Support Search Functionality Within CalPERS External Website
Daniel J. Edelman, Inc.	20	Assist in Developing the Member Education Strategic Approach Initiatives
Software AG, Inc.	20	Annual Member Statements
Other	471	
Total Consultant & Professional Services	\$34,969	

Investment Section

benefitting the economy

We are one of the largest participants in the California Urban Real Estate Program. The program's investment strategy is to develop urban infill areas and provide affordable housing in city hubs. Such projects provide attractive returns at minimum risk, while positively impacting the local community.

Chief Investment Officer's Letter



Investment Office
P.O. Box 2749
Sacramento, CA 95812-2749

June 30, 2004

On behalf of CalPERS Investment Operations, I am pleased to present reports on the pension fund's investments, California investments, and our investment performance for the period ended June 30, 2004. This data was compiled by our Investment Operations staff, our pension consultant Wilshire Associates, and our master custodian State Street Bank & Trust. It is presented in accordance with statutes found in the Retirement Law. We voluntarily follow Association for Investment Management and Research performance and ethics standards.

We earned a 16.6 percent return on our investments for the 1-year period ended June 30, 2004, achieving double-digit returns that have not been seen since the mid-1990s. The Fund ended the year with a total investment value of \$166.4 billion.

Nearly \$23 billion in value was added to the fund, of which \$2.3 billion was generated by taking advantage of unique opportunities during the year. This set a record for special efforts taken by the Fund's investment staff. We beat our benchmarks in four out of five assets classes, and did so while managing our risk and navigating through the ups and downs of the market last year.

The positive gain for the fiscal year strengthened our long-term performance. Annually compounded over the past 10 years, the CalPERS investment portfolio returned 9.7 percent through June 30, 2004.

At year end, U.S. and international stocks represented approximately 60.5 percent of CalPERS assets. U.S. and international bond investments represented 26 percent, real estate 7 percent, and private equity investments represented 5 percent of assets.

We continued to invest in the State of California, providing a strong economic boost for California's growth. At the end of the year, we had nearly \$19.2 billion invested or committed for investment in California entrepreneurial businesses, real estate, housing, urban infill, and stocks and bonds in corporations that make California their home.

We also enhanced our outreach to underrepresented groups during the year. These efforts produced exceptional results as the number of minority, women, or disabled veteran owned firms we use to manage our investment operations increased by 21 percent. In addition, our real estate partners and external equity managers represented in this group saw their assets under management grow by 40 percent.

And finally, restoring investor confidence and reforming the U.S. markets became one of our top priorities. We worked diligently to rout out corporate fraud and greed, embarking on a number of financial market reform initiatives. Our goal was to protect and strengthen our shareowner rights, our investments, and our members' financial future.

A handwritten signature in black ink that reads "Mark Anson".

Sincerely,

Mark J.P. Anson, Ph.D., CFA, CPA, Esq.
Chief Investment Officer

California Public Employees' Retirement System
Lincoln Plaza-400 P Street-Sacramento, CA

Summary of Investments — PERF

Category	Book Value	Market Value	% of Investments at Market Value
Cash Equivalents & Net Receivables/Payables			
Domestic Cash Equivalents	\$2,988,258,657	\$2,988,306,203	1.80%
International Cash Equivalents			
Cash Equivalents	\$22,680,679	\$22,653,691	0.01%
International Currency	549,398,843	549,754,927	0.33%
Total International Cash Equivalents	\$572,079,522	\$572,408,618	0.34%
Net Investment Receivables/Payables	(\$2,441,369,993)	(\$2,441,369,993)	(1.47%)
Total Cash Equivalents & Net Receivables/Payables	\$1,118,968,186	\$1,119,344,828	0.67%
Fixed Income			
Domestic Fixed Income	\$38,271,104,424	\$38,212,997,886	22.96%
International Fixed Income	4,429,340,371	4,778,872,942	2.87%
Total Fixed Income	\$42,700,444,795	\$42,991,870,828	25.83%
Equity			
Domestic Equity	\$39,758,938,209	\$68,904,350,007	41.39%
International Equity	28,245,731,219	33,601,508,162	20.19%
Total Equity	\$68,004,669,428	\$102,505,858,169	61.58%
Alternative Investment Management Program			
Domestic	\$9,658,923,232	\$7,484,085,684	4.50%
International	347,301,853	268,783,098	0.16%
Total Alternative Investment Management Program	\$10,006,225,085	\$7,752,868,782	4.66%
Total Real Estate Programs	\$11,165,756,323	\$12,079,846,123	7.26%
Total Investment Value	\$132,996,063,817	\$166,449,788,730	100.00%

Note:

Differences between Total Investment Value in the Summary of Investments and Total Investments shown on page 30 are due to differences in reporting methods. In accordance with GASB Statement No. 28, the financial statements include Securities Lending Collateral as part of Total Investments, which is not included here. The Summary of Investments also includes Net Investment Receivables/Payables that are not reported on page 30 in Total Investments.

Investment Performance — PERF

Wilshire Associates, the Board's pension consultant, prepares a Quarterly Report of Investment Performance for the Fund based on performance calculations made by the Fund's custodian, State Street Bank & Trust. The 1-year, 3-year, 5-year, and 10-year time-weighted rates of return for the year ended June 30, 2004, are:

CalPERS Portfolio Comparisons

Category	1-Year Return	3-Year Return	5-Year Return	10-Year Return	Index	1-Year Return	3-Year Return	5-Year Return	10-Year Return
Total Fund	16.6%	4.3%	3.1%	9.7%	Asset Allocation Policy Index ¹	15.3%	3.9%	2.4%	9.1%
					Actuarial Rate	8.3%	8.3%	8.3%	8.3%
					Trust Universe Comparison Service (TUCS) Public Fund Median	15.8%	4.1%	3.6%	9.7%
					Trust Universe Comparison Service (TUCS) Public Fund Median > \$1 billion	15.9%	4.2%	3.7%	9.8%
Domestic Equity	20.9%	0.6%	(0.1%)	11.8%	PERS Wilshire 2500 Tobacco-Free Index	20.6%	0.3%	(1.6%)	11.5%
International Equity ²	29.0%	2.3%	0.4%	5.3%	PERS SSGA Custom	31.7%	4.7%	0.7%	3.8%
Alternative Investments/ Private Equity	12.8%	(2.1%)	4.43%	11.3%	Venture Economics Custom Young Fund Universe	9.7%	(7.5%)	(6.2%)	8.8%
Total Equity ³	23.0%	1.1%	(0.2%)	10.0%					
Domestic Fixed Income	1.4%	7.8%	7.9%	8.6%	Citigroup Large Pension Fund Index	(0.8%)	7.5%	7.7%	8.2%
International Fixed Income	7.9%	13.9%	6.3%	6.8%	Citigroup Non-U.S. Government Bond (Net Italy Tax)	7.6%	13.7%	6.8%	6.1%
Total Fixed Income	2.4%	8.7%	7.7%	8.4%					
Real Estate	13.0%	9.4%	10.9%	10.7%	NCREIF ⁴	9.7%	7.7%	9.3%	10.2%
Cash Equivalents	1.1%	2.0%	3.7%	4.8%	91-Day T-Bill	1.0%	1.7%	3.2%	4.3%

Per guidelines recommended by the Chartered Financial Analyst Institute, the Master Custodian for CalPERS computes monthly returns for portfolios, composites, and total plan. For periods greater than a month, a time series of linked monthly returns is used, producing a time-weighted effect.

Additional information on CalPERS investment policies, operations, investment results, and detailed asset information can be found in the accompanying 2004 Operations Summary and on the CalPERS Web site.

Notes:

¹ The Asset Allocation Policy Index return equals the return for each asset class benchmark, weighted at the current target asset allocations.

² Includes currency overlay.

³ Includes alternative investments, domestic, international, and private equities.

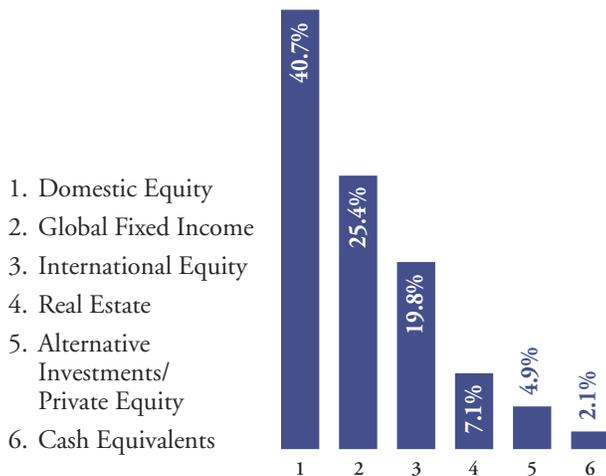
⁴ National Council of Real Estate Investment Fiduciaries, index on a quarter lag.

CalPERS Asset Allocations — PERF

(Dollars in Billions)

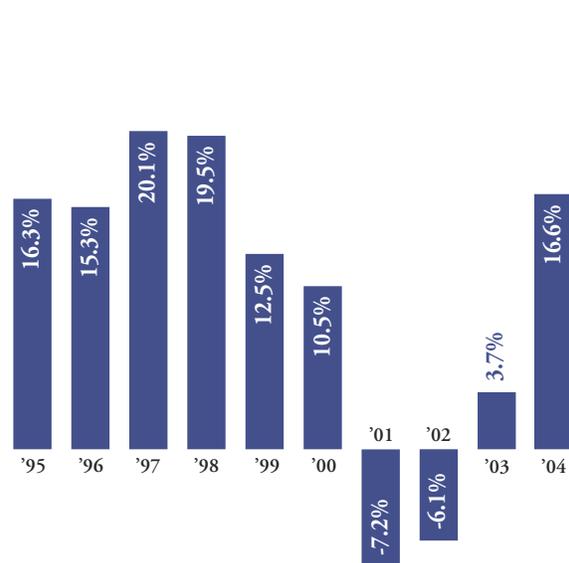
Asset Class	Market Value	Current Allocation	Current Target ¹	Previous Target
Cash Equivalents	\$3.6	2.1	0.0	0.0
Global Fixed Income	\$43.0	25.4	26.0	26.0
Equity				
Domestic	\$68.9	40.7	39.0	39.0
International	33.6	19.8	19.0	19.0
Alternative Investments/Private Equity	8.3	4.9	7.0	7.0
Total Equity	\$110.3	65.4	65.0	65.0
Total Real Estate	\$12.1	7.1	9.0	9.0
Total Fund	\$169.5²	100.0	100.0	100.0

Investment Mix by Asset Class



Total Fund Performance

10-Year Review
One-Year Returns



Notes:

¹ Target allocation effective January 1, 2004.

² Differences between investment values above and the values on the Summary of Investments on page 73 are due to differences in reporting methods. The Summary of Investments includes Net Investment Receivables/Payables.

Portfolio of California Investments at Market Value — PERF

(Dollars in Millions)

Category	California Investments
Real Estate	
Real Estate Mortgages	
AFL-CIO Housing Investment Trust	\$62.5
California Community Mortgage Fund	41.0
Commercial (Whole Loans/Mortgage-Backed Securities)	182.0
ULLICO	27.8
Total Real Estate Mortgages	\$313.3
Real Estate Equity	
AFL-CIO Building Investment Trust	\$26.7
CORE - Equity	3,111.1
PREES-REITS	190.3
Catellus	164.5
Senior Housing	59.8
California Urban Real Estate	
CityHome Partners	9.5
Bridge	6.9
Buchanan Urban Investors	54.0
CalSmart	75.3
Capri Capital Partners	26.3
CIM	996.5
CUIP	9.0
Institutional Housing Partners IV	1.0
Kennedy Office Development	35.5
KSC Affordable Housing Investment Fund	2.4
Legacy Partners	3.2
R Street Residential	0.2
Housing	
Acquisition & Development	26.0
National Housing	429.8
Single Family Housing	69.8
Technology	79.7
Agricultural	64.1
DIVCO West	2.0
Total Real Estate Equity	\$5,443.6
Total Real Estate Mortgages & Equity	\$5,756.9
Equity	
Alternative Investment Management Program/Partnership Component	\$1,100.0
Domestic Equity	8,812.3
Total Equity	\$9,912.3
Total Real Estate & Equity	\$15,669.2
Domestic Fixed Income	
Corporate Bonds	\$204.6
Mortgage Pass-Throughs/CMOs	2,600.8
Total Domestic Fixed Income	\$2,805.4
Total Investments	\$18,474.6

Largest Stock and Bond Holdings at Market Value¹ — PERF

Largest Stock Holdings

(Dollars in Thousands)

Rank	Company	Shares	Market Value
1	General Electric Company	48,935,110	\$1,585,498
2	Microsoft Corporation	53,976,008	1,541,555
3	Exxon Mibile Corporation	30,190,998	1,340,782
4	Citigroup, Inc.	26,371,013	1,226,252
5	Intel Corporation	33,993,832	938,230
6	American International Group, Inc.	12,492,577	890,471
7	Bank America Corporation	10,437,001	883,179
8	Cisco System Incorporated	36,454,130	863,963
9	Johnson & Johnson	14,304,824	796,779
10	International Business Machines	8,233,230	725,759

Largest Bond Holdings

(Dollars in Thousands)

Rank	Company	Par Value	Market Value
1	Federal Home Loan Mortgage Corporation 4.875% due 11/15/13	\$598,500	\$586,003
2	United States Treasury Bonds 5.375% due 02/15/31	532,000	536,671
3	Federal Home Loan PC Pool C01811 5.0% due 04/01/34	534,140	516,481
4	United States Treasury Notes 0.0% due 08/15/13	494,750	483,133
5	Federal National Mortgage Association 3.25% due 02/15/09	460,000	442,937
6	United States Treasury Notes 4.875% due 02/15/12	410,450	424,204
7	United States Treasury Notes 3.375% due 11/15/08	376,500	372,500
8	Federal Home Loan Mortgage Corporation 4.5% due 07/15/13	383,000	367,427
9	United States Treasury Notes 2.5% due 05/31/06	356,000	354,776
10	United States Treasury Bonds 7.125% due 02/15/23	350,000	347,594

A complete list of portfolio holdings is available upon request.

Note:

¹ CalPERS no longer produces a separate Annual Investment Report. All the information previously included in that separate volume is now contained in this report and the accompanying Operations Summary. A complete listing of portfolio holdings is available on the CalPERS Web site at www.calpers.ca.gov.

Schedule of Commissions and Fees — PERF

(Dollars in Thousands)

Broker	Number of Shares Traded	Base Commission Fees & Amount	Broker	Number of Shares Traded	Base Commission Fees & Amount
Great Pacific Securities, Inc.	6,241,215,739	\$3,929	J.P. Morgan Securities (Asia Pacific), Ltd.	21,979,600	\$176
Merrill Lynch Pierce Fenner & Smith	883,012,302	2,813	Fidelity Capital Markets	4,393,079	168
Credit Suisse First Boston Corporation	204,070,410	2,115	Factset Data Systems, Inc.	3,737,316	167
Goldman Sachs & Company	167,609,089	1,949	HSBC Securities, Inc.	34,034,701	165
Lehman Brothers, Inc.	176,319,765	1,866	UBS Warburg Securities Ltd. Taiwan Branch	24,509,840	162
Morgan Stanley Company, Inc.	1,067,240,925	1,654	SG Cowen Securities Corporation	10,736,518	159
Knight Securities	4,769,542	1,583	Dresdner Bank AG Hamburg	23,500	156
Instinet	68,227,871	1,513	Dresdner Kleinwort Benson North America	4,559,201	154
Investment Technology Group, Ltd.	98,887,478	1,434	Arnhold S. Bleichroeder, Inc.	24,502,398	150
Bear Stearns & Company, Inc.	44,509,610	1,237	Leerink Swann and Company	5,872,070	150
Jefferies Company, Inc.	41,674,598	1,193	HSBC Securities (James Capel), Inc.	16,186,973	149
Goldman Sachs International London	73,503,936	1,042	ABN Amro Securities (USA), Inc.	14,876,387	147
Cantor Fitzgerald and Company	49,446,602	936	SBC Warburg London	10,872,188	144
UBS Warburg, LLC	27,666,863	864	Guzman & Company	5,297,967	137
UBS AG	1,248,305,247	823	Neubergerand Berman	5,134,208	137
Deutsche Bank Securities, Inc.	685,777,456	702	Societe Generale	4,257,677	136
Merrill Lynch International	207,653,264	662	Goldman Sachs Money Markets, Inc.	2,818,170	133
Citigroup Global Markets Inc./Salomon Bros.	758,747,322	642	Nesbitt Burns	3,815,533	133
Credit Suisse First Boston Equities (Europe)	58,344,354	634	Warburg Dillon Read Securities, Ltd.	435,750	133
Citigroup Global Markets, Ltd.	2,375,809,015	613	Credit Lyonnais Securities (Asia)	19,068,900	132
Morgan Stanley & Company Int'l, Ltd.	33,277,818	559	J.P. Morgan Securities, Inc.	1,030,913,624	131
J.P. Morgan Securities, Inc.	125,708,972	559	BHF Securities Corporation	7,668,585	126
Wilshire Associates, Inc.	11,153,972	543	Jones & Associates, Inc.	4,951,764	125
Cazenove, Inc.	17,727,302	490	Thomas Weisel Partners	3,817,178	124
Warburg Dillion Read (Asia), Ltd.	121,401,301	485	Cantor Fitzgerald Europe 2	29,096,188	122
Broadcort Capital (Thru MI)	10,558,864	477	Daiwa Securities	15,895,189	120
Neuberger Securities Corporation	320	476	UBS PaineWebber, Inc.	5,889,581	120
Lynch Jones and Ryan, Inc.	9,348,348	464	Morgan Stanley Securities, Ltd.	11,539,949	117
Prudential Equity Group	15,466,268	459	National Financial Services Corporation	2,978,858	114
Abel Noser Corporation	15,433,482	451	Pulse Trading, LLC	2,174,605	114
Deutsche Bank Ag London	47,313,000	451	ABN Amro Securities	3,168,620	112
UBS AG London	127,271,868	440	Liquidnet, Inc.	3,894,066	111
Bear Stearns Securities Corporation	9,304,671	389	Credit Lyonnais Securities (USA), Inc.	1,207,638,676	108
Warburg Securities	23,692,236	388	Midwest Research Securities	2,283,650	105
Lehman Brothers International (Europe)	40,390,076	378	Merrill Lynch & Company, Inc.	4,361,695	104
Charles Schwab Company, Inc.	10,048,638	369	Daiwa Securities America, Inc.	5,315,418	103
First Clearing, LLC	16,209,546	326	SG Cowen Securities Corporation 2	14,174,289	100
Credit Lyonnais Securities	25,581,422	300	Pacific American Securities, LLC	4,783,364	99
Sanford C. Bernstein Company, LLC	6,591,031	287	HSBC Securities	26,428,797	97
Kleinworth Benson Securities, Ltd.	15,303,310	278	Oien Securities, Inc.	4,787,116	97
Boston Institutional Services	5,292,133	275	Baird, Robert W. & Company, Inc.	1,703,192	94
Deutsche Bank Securities	33,051,367	269	Janney Montgomery, Scott, Inc.	2,099,550	94
BNY Brokerage, Inc.	8,344,519	266	Nomura International, PLC	5,566,297	93
Legg Mason Wood Walker, Inc.	7,977,293	243	SG Securities (London), Ltd.	6,433,069	93
UBS Securities, LLC	9,565,220	233	Davis, Mendel and Regenstein	2,911,195	92
Weeden & Company	6,661,466	232	Fox-Pitt Kelton, Ltd.	2,948,396	92
ABN Amro Equities UK London, Ltd.	26,598,490	231	Factset Data Systems (Thru Bear Stearns)	1,785,829	90
Credit Agricole Indosuez Cheuvreux	31,182,457	214	Societe Generale London Branch	2,339,753	90
J.P. Morgan Securities, Ltd.	10,742,068	212	Miller Tabak & Company, LLC	4,202,777	86
Banc/America Securities, LLC			Raymond James Trust Company	2,100	86
Montgomery Division	4,897,382	202	Kabrick Trading, LLC	4,157,129	85
Deutsche Securities Asia, Ltd.	8,467,430	202	Investec Securities	3,062,528	84
Investment Technology Group, Inc.	13,623,247	200	O'Neil, William and Company/Bcc Clrg., Inc.	1,687,362	84
Nomura Securities International, Inc.	12,183,936	199	Standard & Poor's Securities, Inc.	1,667,199	84
ING Barings Corporation	35,462,358	194	Pershing, LLC	8,437,409	82
Sanders Morris Mundy	9,166,236	192	Enskilda Securities, AB	1,678,156	80
Standard Bank of South Africa	7,689,971	191	Wachovia Capital Markets, LLC	1,893,200	80
CIBC World Markets, Inc.	4,115,042	190	Credit Suisse First Boston (Europe), Ltd.	2,745,271	78
Citation Group	3,623,961	186	Fulcrum Global Partners, LLC	2,335,493	78

Schedule of Commissions and Fees — PERF (continued)

(Dollars in Thousands)

Broker	Number of Shares Traded	Base Commission Fees & Amount	Broker	Number of Shares Traded	Base Commission Fees & Amount
J.P. Morgan Securities (Far East) Seoul, Ltd.	383,141	\$78	Banque Paribas	689,800	\$41
Instinet Clearing Services, Inc.	25,859,878	77	Exane SA	814,262	41
Loop Capital Markets, LLC	2,596,257	77	Rosenblatt Securities, Inc.	1,986,789	41
Scotia Capital (USA), Inc.	2,189,529	77	Oddo Finance	3,891,146	41
J.B. Were and Son, Inc.	7,505,972	76	Barnard Jacobs Mellett and Company (PTY)	5,772,865	40
BNY Esi & Company, Inc.	1,474,100	75	Credit Suisse First Boston	7,991,100	40
Deutsche Bank, AG	2,671,706	75	JAS H Oliphant & Company, Inc.	800,300	40
Griswold Company	1,765,510	74	Morgan Stanley & Company Intl., Taipei Metro	7,172,000	40
Bridge Trading	1,999,574	74	HG Asia Securities (PHIL) Inc.	47,523,400	39
ITG	4,921,541	74	ITG Securities (HK), Ltd.	54,206,900	39
ABG Sundal Collier, Ltd.	2,581,479	73	ITGL	3,215,010	39
AG Edwards & Sons, Inc.	1,455,310	68	J.B. Were, Ltd.	1,605,500	39
Gunnallenfinancial	3,376,063	68	Utendahl Capital Partners	1,935,148	39
Collins Stewart & Company	7,414,727	68	Bear Stearns International Trading	8,706,304	38
Westminster Research Association	1,099,100	66	Neue Zurcher Bank	218,087	38
Main First Bank, AG	1,472,800	66	First Union Capital Markets	1,231,928	37
ITG Europe, Ltd.	4,165,059	66	Global Securities (Istanbul), Inc.	1,993,880,800	37
Lehman Brothers Soft Dollar	4,439,280	65	Magavceo Lee & Company	1,805,300	37
Credit Lyonnais	5,948,200	65	Banco Santander Central Hispano, SA	60,146,386	36
Pacific Crest Securities	1,280,800	64	Enskilda Securities	884,720	36
Deutsche Bank Singapore	2,470,463	64	Nordic Partners	1,331,350	36
ISI Group, Inc.	1,300,210	62	Torrey Pines Securities, Inc.	1,717,965	36
Merrill Lynch Professional Clearing Corp.	2,269,322	62	CS First Boston (Hong Kong), Ltd.	947,290	35
SG Securities Central Clearing Reg. Corp.	5,407,183	61	Moors & Cabot, Inc.	696,630	35
ING Baring Securities Seoul, Ltd.	279,450	59	Cheuvreux	607,460	34
Buckingham Research Group	1,174,300	59	Precursor Group, Inc.	743,600	34
J.P. Morgan Securities Australia, Ltd.	2,745,294	59	Spear, Leeds & Kellogg	1,702,350	34
Citigroup Global Markets, Inc.	93,228,411	59	Vidacos No. 4, AC	2,787,600	34
La Branche Financial #2	1,804,142	58	Lazard Freres & Company	752,400	33
B-Trade Services, LLC	2,050,989	57	Dresdner Kleinworth Wasserstein Sec., LLC	878,338	32
External Swap, DVP	4,605	56	Exane, Inc.	411,185	32
McDonald and Company Securities, Inc.	1,137,465	56	ITG Australia, Ltd.	13,382,150	32
ABN Amro Asia, Ltd.	2,090,605	56	Julius Baer Brokerage Zurich Branch	99,650	32
Baring Securities (Hong Kong)	1,902,950	55	U.S. Bancorp Piper Jaffray, Inc.	663,189	32
Maxcor Financial, Inc.	2,621,778	54	Caris & Company	1,564,700	31
Warburg Formerly SG Warburg Securities	3,034,727	54	Dowling & Partners Securities, LLC	617,900	31
Samsung Securities Company, Ltd.	124,130	53	First Albany Corporation	1,370,167	31
Wedbush Morgan Securities, Inc.	1,081,796	52	HC Istanbul Menkul Degerl	1,455,073,000	30
JNK Securities, Inc.	2,559,857	52	J.P. Morgan London	694,500	30
Deutsche Morgan Grenfell Securities	3,726,855	51	Sanford Bernstein	1,055,070	30
Deutsche Morgan Grenfell, Inc.	1,395,400	50	Research Conversion Corporation	1,518,825	29
Deutsche Bank AG Frankfurt	4,883,580	50	Banc of America Securities	537,800	28
Capital Institutional Services	918,156	49	Chase Manhattan	729,544	28
RBC Dominion Securities, Inc.	1,119,178	49	CLSA Singapore Pte, Ltd.	9,117,119	28
Shore Capital Stockbrokers, Ltd.	2,038,982	49	Johnson Rice & Company	642,925	28
Citigroup Global Markets Asia	9,135,565	49	Brockhouse & Cooper, Inc.	2,430,478	27
Cazenove & Company	17,910,210	49	CSFB Equities 1 Cabot Square	8,323,971	27
Zannex Securities	2,393,863	48	Execution, Ltd.	1,050,621	27
Goodbody Stockbrokers	3,566,618	46	First Southwest Company	771,420	27
Interbobiliare Securities Sim Spa	6,546,119	46	Pershing Securities, Ltd.	7,292,265	27
Bank Julius Baer and Company, Ltd.	620,524	45	S. Sang Yong Investment and Securities	803,240	27
Dresdner Kleinwort Wasserstein, Ltd.	789,654	45	S.G. Cowen & Company, LLC	547,496	27
Morgan Keegan & Company, Inc.	872,402	45	Sandler O'Neill & Partners, LP	574,897	27
UBS Securities Canada, Inc.	1,124,921	45	Socgen Crosby Securities	1,152,000	27
William Blair & Company, LLC	708,700	44	Gerson Lehrman Group Brokerage Services	566,000	26
Keefe Bruyette & Woods, Inc.	956,771	44	JMP Securities	549,200	26
Auerbach Grayson & Company, Inc.	558,399	42	Merrill Lynch	538,101	26
Carnegie Fondkommission	1,622,437	42	Wells Fargo Securities, LLC	868,732	26
The Williams Capital Group, LP	1,711,189	42	Citigroup Global Markets	2,832,954	25

Schedule of Commissions and Fees — PERF (continued)

(Dollars in Thousands)

Broker	Number of Shares Traded	Base Commission Fees & Amount	Broker	Number of Shares Traded	Base Commission Fees & Amount
Commerzbank Capital Markets Corporation	229,061	\$25	Scott & Stringfellow, Inc.	495,000	\$24
Jackson Partners & Associates, Inc.	1,138,900	25	Isi Group Equities	535,884	23
Nutmeg Securities	638,932	25	King, Cl & Associates, Inc.	500,960	23
Piper Jaffray & Company	503,984	25	Raymond James and Associates, Inc.	468,700	23
Bank Am Bellevue	176,081	24	National Securities Corporation	10,800,000	22
Carnegie Bank	314,700	24	Sanford C. Bernstein, Ltd.	2,675,886	22
J.P. Morgan Chase Bank	1,638,048	24	Nikko Salomon Smith Barney	1,738,865	22
Gardner Rich & Company	944,185	24	Various Brokers	385,151,638	2,490
Instinet Europe, Ltd.	1,580,347	24	Total	16,257,029,711	\$52,206

Schedule of Fees and Costs for Private Equity Partners — PERF

(Actual Dollars)

Fund Name	2003 ¹ Fees & Costs	Fund Name	2003 ¹ Fees & Costs
1818 Fund II, LP	\$14,017	Carlyle Asia Venture Partners II, LP	\$968,026
ABS Capital Partners II, LP	435,359	Carlyle Europe Real Estate Partners, LP	622,859
ABS Capital Partners III, LP	1,147,085	Carlyle Europe Partners II, LP	389,534
ABS Capital Partners IV, LP	1,320,518	Carlyle High Yield Partners IV, Ltd.	289,772
Advent-Global Private Equity IV, LP	421,027	Carlyle Japan Partners, LP	114,652
Alta Biopharma Partners II, LP	1,486,140	Carlyle Partners II, LP	306,732
Alta Biopharma Partners III, LP	322,001	Carlyle Partners III, LP	1,668,843
Alta Biopharma Partners, LP	1,146,688	Carlyle Realty Qualified Partners III, LP	793,390
Alta California Partners II, LP	2,273,685	Carlyle Venture Partners II, LP	1,339,081
Alta California Partners III, LP	3,416,375	Carlyle/Riverstone Global Energy and Power Fund II, LP	1,438,626
Alta California Partners, LP	2,523,540	Coller International Partners II, LP	857,243
Alta Communications VI, LP	231,094	Coller International Partners III, LP	2,407,838
Alta Communications VII, LP	1,030,897	Coller International Partners IV, LP	1,667,678
Alta Communications VIII, LP	1,897,665	CVC European Equity Partners II, LP	556,173
Alta V Limited Partnership	3,229	CVC European Equity Partners III, LP	2,613,445
American River Ventures I, LP	792,790	CVC European Equity Partners, LP	152,599
APA Excelsior IV, LP	349,781	Dominion Fund IV, LP	508,311
APA German European Ventures, LP	5,491	Dominion Fund V, LP	1,239,880
APAX CRIII	—	Doughty Hanson & Company Fund II	71,120
APAX Ventures IV International Partners, LP	21,854	Doyle & Boissiere Fund I, LLC	684,713
Apollo Investment Fund III, LP	1,058,413	Dresdner Kleinwort Benson Emerging Europe	3,263,069
Apollo Investment Fund IV, LP	779,666	Ethos Private Equity Fund III, LP	160,631
Apollo Investment Fund V, LP	3,011,859	Ethos Private Equity Fund IV, LP	876,209
Ares Corporate Opportunities Fund, LP	1,735,433	EuclidSR Biotechnology Partners, LP	1,165,172
Asia Recovery Fund, LP	1,448,062	Exxel Capital Partners V, LP	—
Atlantic Medical Capital, LP	338,872	Fairview Capital II, LP	1,277,243
Aurora Equity Partners II, LP	1,132,196	Fairview Capital, LP	1,253,015
Aurora Equity Partners, LP	138,870	Fenway Partners Capital Fund II, LP	2,684,224
Avenue Special Situations Fund II, LP	1,020,635	Fenway Partners Capital Fund, LP	596,340
Avenue Special Situations Fund III, LP	1,265,617	First Reserve Fund IX, LP	1,829,157
Avenue Asia Special Situations III, LP	398,685	First Reserve Fund VI, LP	13,321
Bachow Investment Partners III, LP	—	Francisco Partners, LP	233,534
Bank of America CA Community Venture Fund, LP	1,222,037	FS Equity Partners III, LP	200,369
Bastion Capital Fund, LP	58,362	FS Equity Partners V, LP	726,003
Beacon Group Energy Investment Fund II, LP	289,829	Garage California Entrepreneurs Fund, LP	200,075
Beacon Group Energy Investment Fund, LP	749,568	Generation Capital Partners, LP	17,784
Beacon Group III - Focus Value Fund, LP	151,615	Gleacher Mezzanine Fund I, LP	578,791
Behrman Capital II, LP	1,637,950	Golder, Thoma & Cressey Fund IV, LP	253,753
Behrman Capital III, LP	1,639,965	Golder, Thoma, Cressey, Rauner Fund V, LP	912,827
Behrman Capital, LP	25,185	Green Capital Partners (GCP) California Fund, LP	510,799
Behrman Capital-B, LP	30,789	Green Equity Investors II, LP	1,124,125
Blackstone Capital Partners II, Merchant Banking Fund, LP	121,430	Green Equity Investors III, LP	973,307
Blackstone Capital Partners III, Merchant Banking Fund, LP	415,449	Green Equity Investors IV, LP	10,185
Blackstone Capital Partners IV, LP	1,891,915	Hellman & Friedman Capital Partners II, LP	53,847
Blackstone Communications Partners I, LP	1,499,034	Hellman & Friedman Capital Partners III, LP	207,500
Blackstone Mezzanine Partners, LP	1,009,932	Hellman & Friedman Capital Partners IV, LP	2,051,885
Blum Strategic Partners II, LP	864,863	Hicks, Muse, Tate & Furst Equity Fund II, LP	702,496
Bridgepoint Europe I	12,866	Hicks, Muse, Tate & Furst Equity Fund III, LP	1,739
Bridgepoint Europe II	451,412	ICV Partners, LP	111,944
California Community Financial Institutions Fund, LP	600,715	Information Technology Ventures II, LP	207,288
California Emerging Ventures II, LLC	1,863,513	Information Technology Ventures, LP	5,418
California Emerging Ventures III, LLC	3,787,398	Inroads Capital Partners, LP	345,744
California Emerging Ventures, LLC	3,657,600	J.P. Morgan Partners Global Investors, LP	527,009
CalPERS/PCG Corporate Partners, LLC	5,189,197	KB Mezzanine Fund II, LP	155,658
Candover 1994 Fund	6,392	Kid Kamm Equity Partners, LP	—
Candover 1997 Fund	61,250	KKR European Fund, LP	868,577
Candover 2001 Fund	122,947	KKR Millennium Fund, LP	1,033,370
Carlyle Asia Partners, LP	1,787,022	Kline Hawkes California, LP	1,933,128

Note:

¹ Fees and costs for the 1-year period ending December 31, 2003.

Schedule of Fees and Costs for Private Equity Partners — PERF (continued)

(Actual Dollars)

	2003 ¹		2003 ¹
Fund Name	Fees & Costs	Fund Name	Fees & Costs
Kline Hawkes Pacific, LP	\$2,150,860	TCW Special Credits Fund V - The Principal Fund	\$23,807
Kohlberg Investors IV, LP	481,723	Technology Partners Fund V, LP	221,521
Landmark Equity Partners III, LP	72,120	Technology Partners Fund VI, LP	575,759
Landmark Equity Partners IV, LP	144,614	Technology Partners Fund VII, LP	1,261,756
Levine Leichtman Capital Partners III, LP	560,977	Thomas H. Lee Equity Fund III, LP	70,425
Levine Leichtman Capital Partners II, LP	1,410,635	Thomas H. Lee Equity Fund IV, LP	58,252
Levine Leichtman Capital Partners, LP	3,985,660	Thomas H. Lee Equity Fund V, LP	119,467
Lexington Capital Partners II, LP	788,236	Thomas Weisel Capital Partners, LP	1,582,628
Lexington Capital Partners III, LP	587,372	Thomas Weisel Global Growth Partners, LP	358,612
Lexington Capital Partners IV, LP	935,874	Thomas Weisel Global Growth Partners II, LP	269,592
Lexington Capital Partners V, LP	360,196	Thomas Weisel Healthcare Ventures, LP	433,927
Lighthouse Capital Partners V, LP	157,205	Thomas Weisel Strategic Opportunities Partners, LP	1,560,299
Littlejohn Fund II, LP	1,384,040	Thomas Weisel Venture Partners, LP	2,335,788
Lombard Pacific III, LLC	1,025,319	Ticonderoga E-Services Fund I, LP	897,754
Lombard Thailand Partners, LP	2,311,866	Ticonderoga E-Services Fund II, LP	670,148
Lombard/Pacific Partners, LP	8,140,893	TL Ventures III, LP	430,385
M/C Venture Partners IV, LP	411,356	TL Ventures IV, LP	1,589,940
M/C Venture Partners V, LP	1,356,295	TL Ventures V, LP	3,172,581
Madison Dearborn Capital Partners II, LP	304,097	TPG Biotechnology Partners, LP	1,090,789
Madison Dearborn Capital Partners III, LP	33,337	TPG Partners III, LP	2,741,279
Madison Dearborn Capital Partners IV, LP	1,376,302	TPG Partners IV, LP	246,029
Madison Dearborn Capital Partners, LP	318,088	TPG Ventures, LP	6,998,218
McCown De Leeuw & Co. III, LP	205,897	Triumph-California, LP	342,659
McCown De Leeuw & Co. IV, LP	1,155,315	TSG Capital Fund II, LP	27,401
Media/Communications Partners II, LP	6,258	TSG Capital Fund III, LP	691,355
Media/Communications Partners III, LP	782,676	Warburg, Pincus Investors, LP	67,308
MHR Institutional II	380,924	Welsh, Carson, Anderson & Stowe IX, LP	678,953
Newbridge Asia III, LP	1,836,024	Welsh, Carson, Anderson & Stowe VI, LP	170,927
Nogales Investors Fund I, LP	713,409	Welsh, Carson, Anderson & Stowe VII, LP	1,537,948
Oaktree Capital Management (OCM) Opportunities Fund, LP	68,043	Welsh, Carson, Anderson & Stowe VIII, LP	2,679,793
Oaktree Capital Management (OCM) Principal Opportunities Fund, LP	350,828	Weston Presidio Capital IV, LP	1,649,520
Opportunity Capital Partners IV, LP	569,439	William E. Simon & Sons Special Situation Partners II, LP	309,965
Pacific Community Ventures	334,464	WLR Recovery Fund II, LP	686,565
Penman Private Equity and Mezzanine Fund, LP	210,215	WLR Recovery Fund, LP	356,125
Permira Europe I	1,250,277	Yucaipa American Alliance Fund I, LP	3,290,730
Permira U.K. Venture III	789,645	Yucaipa American Special Situations Fund I, LP	1,622,290
Permira U.K. Venture IV	703,410	Yucaipa Corporate Initiatives Fund I, LP	3,750,000
Perseus-Soros Biopharmaceutical Fund, LP	752,416		
Polish Enterprise Fund IV, LP	1,034,853	Total	\$202,876,091
Prospect Venture Partners II, LP	2,481,826		
Provender Opportunities Fund II, LP	555,539		
Providence Media Partners, LP	8,895		
Questor Partners Fund II, LP	941,490		
Rice Mezzanine Lenders, LP	5,428		
Rice Partners II, LP	9,927		
Ripplewood Partners II, LP	936,428		
RSTW Partners III, LP	1,130,662		
Sanderling IV Biomedical, LP	856,651		
Sanderling V Biomedical, LP	1,305,868		
Seaport Capital Partners II, LP	840,062		
Silver Lake Partners, LP	943,435		
Soros Private Equity Investors, LP	982,812		
SpaceVest Fund, LP	61,760		
SPV (VCOC), LP	180,514		
Stonington Capital Appreciation 1994 Fund, LP	11,074		
T3 Partners II, LP	1,025,167		
Tailwind Investment Partners International, Ltd.	704,076		

Note:

¹ Fees and costs for the 1-year period ending December 31, 2003.

Schedule of Fees and Costs for Private Equity Funds in California Emerging Venture Funds — PERF

(Actual Dollars)

Fund Name	2003 ¹ Fees & Costs	Fund Name	2003 ¹ Fees & Costs
Aberdare Ventures II, LP	\$500,033	Kettle Partners II, LP	\$32,040
Aberdare Ventures, LP	63,821	KPS Special Situations Fund II, LP	301,193
Abingworth Bioventures IV, LP	51,191	Lake Capital Partners, LP	\$160,590
Acacia Venture Partners II, LP	258,069	Lighthouse Capital Partners III, LP	394,088
Alloy Ventures 2000, LP	168,105	Lighthouse Capital Partners IV, LP	1,698,850
Alloy Ventures 2002, LP	123,612	Lightspeed Venture Partners VI, LP	642,584
Altor 2003 Fund	206,724	Lime Rock Partners II, LP	198,953
Apax Israel II, LP	129,660	Menlo Ventures IX, LP	378,741
Applied Genomic Technology Fund, LP	124,907	Morgenthaler Partners VII, LP	126,807
ARCH Healthcare Side Fund, LP	357,030	MPM BioEquities Fund, LP	—
ARCH Venture Fund V, LP	290,251	MPM BioVentures II QP, LP	182,370
Arrowpath Fund II, LP	88,326	MPM BioVentures III QP, LP	1,071,926
Atlas Venture Fund VI, LP	117,427	MSDW Venture Partners III, LP	83,643
Audax Mezzanine Fund, LP	1,410,322	Nautic Partners V, LP	142,527
Audax Private Equity Fund, LP	2,692,466	New Enterprise Associates 10, LP	650,171
Audax Venture Fund, LP	159,582	New Enterprise Associates 9, LP	50,712
Austin Ventures VII, LP	361,622	New Mountain Partners, LP	1,388,097
Austin Ventures VIII, LP	813,684	North Bridge Venture Partners IV-B, LP	—
Battery Ventures VI, LP	192,114	North Bridge Venture Partners V-A, LP	962,448
Bay Partners X, LP	378,133	Oak Investment Partners IX, LP	191,938
Berkshire Fund VI, LP	282,378	Oak Investment Partners X, LP	523,888
Bluestream Ventures, LP	115,862	OVP Venture Partners VI, LP	113,920
Caduceus Private Investment II, LP	26,597	Oxford Bioscience Partners III, LP	60,452
Carmel Software Fund, LP	63,179	Oxford Bioscience Partners IV, LP	759,206
Clearstone Venture Partners I-B, LP	49,623	Palomar Ventures II, LP	189,218
Clearstone Venture Partners II-A, LP	512,567	Partech International Ventures IV	131,422
Commonwealth Capital Ventures III, LP	109,328	Pinnacle Ventures I-B, LP	696,782
Convergence Ventures II, LP	118,851	Pitango Venture Capital Fund III, LP	115,788
DCM III, LP	638,986	Polaris Venture Partners IV, LP	203,986
DFJ VII, LP	640,333	Prism Venture Partners III, LP	114,514
F.V.E., LP	261,389	Prism Venture Partners IV, LP	570,969
FBR Technology Venture Partners II, LP	3,133	Quadrangle Capital Partners, LP	982,810
FFC Partners II, LP	123,162	Redpoint Ventures II, LP	151,182
Fletcher Spaight Ventures, LP	134,425	Reliant Equity Partners IV, LP	1,139,423
Focus Ventures II, LP	70,870	Rhone Partners II, LP	377,923
Frontenac VIII, LP	180,322	Rosewood Capital IV, LP	1,370,851
Gemini Israel III, LP	64,213	Schroder Ventures Int'l Life Sciences Fund II	398,537
General Catalyst Group II, LP	575,149	Sequel LP III	510,048
General Catalyst Group, LLC	139,024	Sequel Limited Partnership II	193,949
Genstar Capital Partners III, LP	68,026	Sevin Rosen Fund VIII, LP	195,642
Global Catalyst Partners II, LP	117,034	Sierra Ventures VIII-A, LP	462,426
Granite Global Ventures (QP), LP	186,661	Skyline Venture Partners QP Fund III, LP	113,728
GRP II, LP	104,168	Solera Partners, LP	1,881,992
Healthcap IV, LP	516,295	Spectrum Equity Investors IV, LP	1,269,557
Highland Capital Partners V, LP	159,051	Sports Capital Partners	2,977,959
Highland Capital Partners VI, LP	1,373,241	Summit Accelerator Fund, LP	32,045
I-Hatch Ventures, LP	117,962	Summit Ventures VI-A, LP	458,080
Index Ventures II (Delaware), LP	114,713	TA IX, LP	1,213,056
Insight Capital Partners Europe I, LP	26,956	TA Subdebt Fund, LP	221,400
Insight Capital Partners III, LP	125,879	Tallwood II, LP	126,252
Insight Capital Partners IV, LP	808,051	TCV III (Q), LP	81,918
Institutional Venture Partners X, LP	251,629	TCV IV, LP	513,024
International Life Sciences Fund III, LP	299,329	Telecom Partners III, LP	12,187
Israel Seed IV, LP	56,792	Three Arch Capital, LP	1,008,553
Jerusalem Venture Partners IV, LP	194,984	Three Arch Partners III, LP	63,129
JMI Equity Fund IV, LP	51,642	Trident Capital Fund V, LP	111,400

Note:

¹ Fees and costs for the 1-year period ending December 31, 2003.

Schedule of Fees and Costs for Private Equity Funds in California Emerging Venture Funds — PERF (continued)

(Actual Dollars)

Fund Name	2003¹ Fees & Costs	Fund Name	2003¹ Fees & Costs
Trinity Ventures VIII, LP	\$97,021	Vector Capital II, LP	\$89,993
U.S. Venture Partners VIII, LP	176,376	Venture Lending & Leasing III, LLC	59,602
United States Power Fund, LP	109,545	Ventures West 7 U.S., LP	37,554
Udata Venture Partners II, LP	134,523	Weiss, Peck & Greer Venture Associates V, LP	54,817
VantagePoint Venture Partners III (Q), LP	321,782	WIIG Communications Partners, LP	54,923
VantagePoint Venture Partners IV (Q), LP	576,696	Worldview Technology Partners IV, LP	125,075
		Total	\$47,011,684

Note:

¹ Fees and costs for the 1-year period ending December 31, 2003.

Schedule of Fees and Costs for Absolute Return Strategies Program — PERF

(Actual Dollars)

Fund Name	2003¹ Fees & Costs
Andor Technology Fund, LP	\$490,902
Atticus Global, LP	756,701
Brookside Capital Partners Fund, LP	849,846
Everglades Partners, LP	329,077
Farallon Capital Offshore Investors, Inc.	588,948
Lansdowne European Strategic Equity Fund, LP	383,638
Liberty Square Offshore Partners, Ltd.	488,712
Pentangle Partners, LP	407,164
Rhapsody Fund, LP	608,303
Tosca	779,466
Tremblant Partners, LP	750,799
Welch Entrepreneurial Fund (QP), LP	375,989
Zaxis Institutional Partners, LP	621,705
Total	\$7,431,250

Note:

¹ Fees and costs for the 1-year period ending December 31, 2003.

Judges Retirement Fund II — Investments

Investment Performance

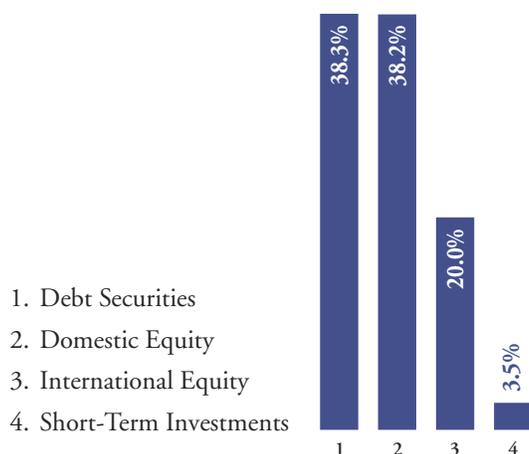
Wilshire Associates, the Board's pension consultant, prepares a Quarterly Report of Investment Performance for the Judges' Retirement Fund II based on performance calculations made by the Fund's custodian, State Street Bank & Trust. The 1-year, 3-year, and 5-year time-weighted rates of return for the year ended June 30, 2004, are:

JRF II Portfolio Comparisons

Category	1-Year Return	3-Year Return	5-Year Return	Index	1-Year Return	3-Year Return	5-Year Return
Total Fund	13.8%	3.7%	2.6%	Weighted Policy Benchmark ¹	13.9%	3.8%	2.5%
				Actuarial Rate	7.3%	7.8%	7.8%
				Trust Universe Comparison Service (TUCS) Public Fund Median ²	15.8%	4.1%	3.6%
Domestic Equity	19.2%	(0.8%)	(2.4%)	Custom S&P 500 Index ³	19.1%	(0.7%)	(2.2%)
International Equity	32.6%	4.1%	0.3%	TUCS Equity Median	21.3%	1.2%	2.0%
Fixed Income	0.2%	7.2%	7.7%	MSCI EAFE Index	32.4%	3.9%	0.1%
				Lehman Aggregate Bond Index	0.3%	6.4%	7.0%
				Citigroup LPF Index	(0.8%)	7.5%	7.7%
				TUCS Fixed Income Median	1.1%	6.8%	7.1%

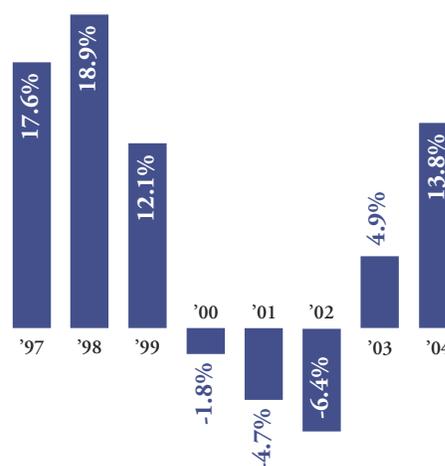
Per guidelines recommended by the Chartered Financial Analyst Institute, the Master Custodian for CalPERS computes monthly returns for portfolios, composites, and total plan. For periods greater than a month, a time series of linked monthly returns is used, producing a time-weighted effect.

Investment Mix by Asset Class



Total Fund Performance

Eight-Year Review
One-Year Returns



Notes:

¹ The weighted policy benchmark returns for the JRF II are based on asset class index returns weighted by asset class policy targets.

² The Trust Universe Comparison Service (TUCS) is a universe of more than 1,000 client portfolio returns, subdivided by client type and asset class.

³ A tobacco-free S&P 500 is used as the benchmark for the U.S. equity segments of the JRF II, starting with the February 2001 performance.

Legislators' Retirement Fund — Investments

Investment Performance

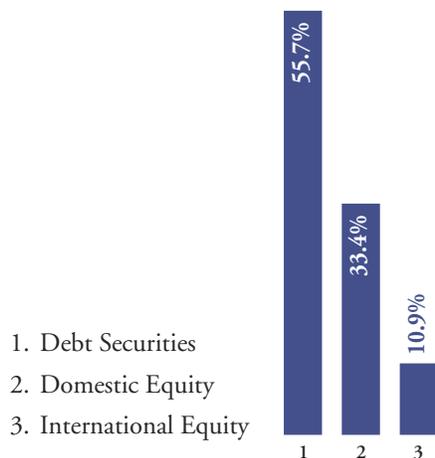
Wilshire Associates, the Board's pension consultant, prepares a Quarterly Report of Investment Performance for the Legislators' Retirement Fund based on performance calculations made by the Fund's custodian, State Street Bank & Trust. The 1-year, 3-year, and 5-year time-weighted rates of return for the year ended June 30, 2004, are:

LRF Portfolio Comparisons

Category	1-Year Return	3-Year Return	5-Year Return	Index	1-Year Return	3-Year Return	5-Year Return
Total Fund	9.1%	4.8%	4.3%	Weighted Policy Benchmark ¹	8.2%	5.3%	4.5%
				Actuarial Rate	7.0%	7.5%	7.5%
				Trust Universe Comparison Service (TUCS) Public Fund Median ²	15.8%	4.1%	3.6%
Domestic Equity	19.2%	(0.8%)	(2.3%)	Custom S&P 500 Index ³	19.1%	(0.7%)	(2.2%)
International Equity	33.1%	4.4%	0.4%	TUCS Equity Median	21.3%	1.2%	2.0%
Fixed Income	(0.2%)	7.1%	7.6%	MSCI EAFE Index	32.9%	4.3%	0.4%
				Lehman Aggregate Bond Index	0.3%	6.4%	7.0%
				Citigroup LPF Index	(0.8%)	7.5%	7.7%
				TUCS Fixed Income Median	1.1%	6.8%	7.1%

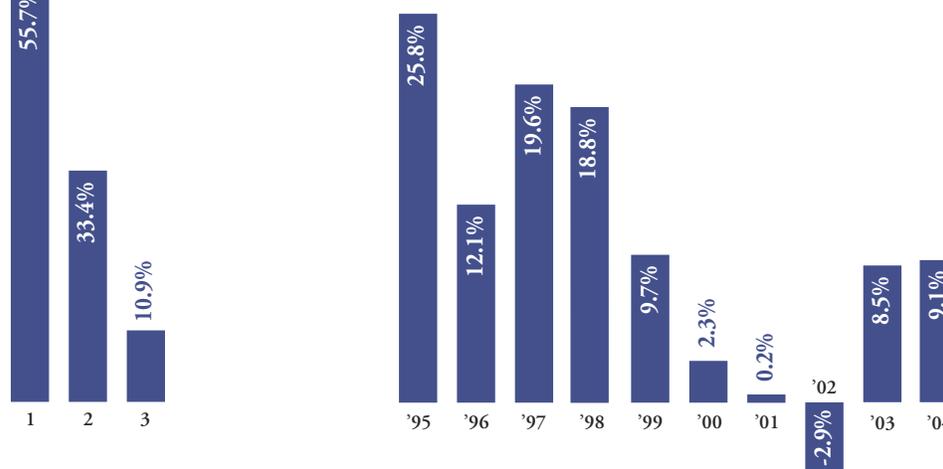
Per guidelines recommended by the Chartered Financial Analyst Institute, the Master Custodian for CalPERS computes monthly returns for portfolios, composites, and total plan. For periods greater than a month, a time series of linked monthly returns is used, producing a time-weighted effect.

Investment Mix by Asset Class



Total Fund Performance

10-Year Review
One-Year Returns



Notes:

¹ The weighted policy benchmark returns for the LRF are based on asset class index returns weighted by asset class policy targets.

² The Trust Universe Comparison Service (TUCS) is a universe of more than 1,000 client portfolio returns, subdivided by client type and asset class.

³ A tobacco-free S&P 500 is used as the benchmark for the U.S. equity segments of the LRF, starting with the February 2001 performance.

Volunteer Firefighters' Fund — Investments

Investment Performance

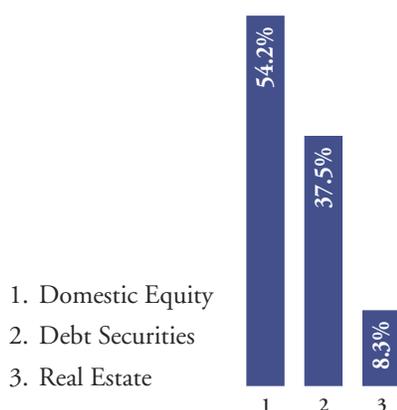
Wilshire Associates, the Board's pension consultant, prepares a Quarterly Report of Investment Performance for the Volunteer Firefighters' Fund based on performance calculations made by the Fund's custodian, State Street Bank & Trust. The 1-year, 3-year, and 5-year time-weighted rates of return for the year ended June 30, 2004, are:

VFF Portfolio Comparisons

Category	1-Year Return	3-Year Return	5-Year Return	Index	1-Year Return	3-Year Return	5-Year Return
Total Fund	11.9%	2.3%	1.6%	Weighted Policy Benchmark ¹	13.9%	3.8%	2.5%
				Actuarial Rate	7.5%	8.0%	8.0%
				Trust Universe Comparison Service (TUCS) Public Fund Median ²	15.8%	4.1%	3.6%
Domestic Equity	19.2%	(0.8%)	(2.4%)	Custom S&P 500 Index ³	19.1%	(0.7%)	(2.2%)
				TUCS Equity Median	21.3%	1.2%	2.0%
Fixed Income	0.3%	7.2%	7.7%	Lehman Aggregate Bond Index	0.3%	6.4%	7.0%
				Citigroup LPF Index	(0.8%)	7.5%	7.7%
				TUCS Fixed Income Median	1.1%	6.8%	7.1%

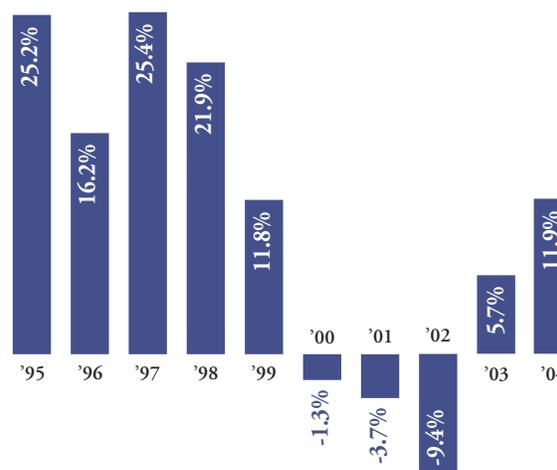
Per guidelines recommended by the Chartered Financial Analyst Institute, the Master Custodian for CalPERS computes monthly returns for portfolios, composites, and total plan. For periods greater than a month, a time series of linked monthly returns is used, producing a time-weighted effect.

Investment Mix by Asset Class



Total Fund Performance

10-Year Review
One-Year Returns



Notes:

¹ The weighted policy benchmark returns for the VFF are based on asset class index returns weighted by asset class policy targets.

² The Trust Universe Comparison Service (TUCS) is a universe of more than 1,000 client portfolio returns, subdivided by client type and asset class.

³ A tobacco-free S&P 500 is used as the benchmark for the U.S. equity segments of the VFF, starting with the February 2001 performance.

investing in the environment

Developing land to produce premium grapes for the fine wine industry is a long process, and land with productive vineyards in operation can yield high returns. Our approach to development is having a ripple effect on the environment that will endure for generations. This impact is the result of using “best management practices” in developing the land.



Actuarial and Employer Services Branch
P.O. Box 942709
Sacramento, CA 94229-2709

September 2004

The Board of Administration of the California Public Employees' Retirement System:

As authorized, the CalPERS actuarial staff perform annual actuarial valuations of the CalPERS State, schools, and public agency plans; the latest such valuations are as of June 30, 2003.

The funding objective for each of these plans is to accumulate assets equal to 100 percent of the accrued liability as measured by the Entry Age Normal Cost method in a manner that keeps contributions approximately level as a percentage of payroll. Unfunded actuarial liabilities or surplus assets (excess assets) are amortized pursuant to Board policy such that the amortization payment is not less than that required to amortize the unfunded liability over 30 years.

The actuarial assumptions and methods used for funding purposes meet the parameters set for disclosures presented in the Financial Section by Governmental Accounting Standards Board Statement No. 25.

The valuations are based on the member and financial data as of the valuation date, extracted from the various CalPERS databases. Both the membership and financial data are subject to extensive tests for reasonableness.

Further, information has been provided by us for the completion of (i) the trend data schedules (Required Schedule of Funding Progress and Schedule of Employer Contributions) in the Financial Section, and (ii) Exhibits A through H in the Actuarial Section of the CAFR.

A handwritten signature in black ink, appearing to read "Ron Seeling".

Ron Seeling, Ph.D., F.C.A., A.S.A., M.A.A.A.
Enrolled Actuary
Chief Actuary, CalPERS

California Public Employees' Retirement System
Lincoln Plaza-400 P Street-Sacramento, CA

CalPERS Actuarial Methods and Assumptions

Actuarial Methods

The ultimate cost that a retirement system such as CalPERS incurs is equal to benefits paid plus the expenses resulting from administration and financing. These costs are paid through contributions to the plan and investment earnings on the System's assets.

The actuarial valuations rely upon data extracted from central databases maintained by CalPERS. These databases are created from data supplied by the individual employers. The data was not audited by the actuarial staff, but appears to be reasonable for valuation purposes. Summary information regarding plan membership data for various groups is provided in Exhibits F and G.

Using each plan's schedule of benefits, member data described above, and a set of actuarial assumptions, the plan's actuary estimates the cost of the benefits to be paid. Then, using a particular actuarial funding method, the actuary allocates these costs to the fiscal years within the employee's career.

In the case of the CalPERS plans with pay-related benefits, the financial objective is to fund in a manner which keeps contribution rates approximately as a level percentage of payroll from generation to generation, while accumulating sufficient assets over each member's working career. The primary funding method used to accomplish this objective is the Entry Age Normal Cost Method. This method is used for all defined benefit pay-related plans within CalPERS and for the Judges' Retirement System II (JRS II). It is also used for the Indexed Level of 1959 Survivor Benefits. CalPERS uses the level dollar Aggregate Cost Method for those pay-related plans which are closed and declining in membership. This method is used for the Legislators' Retirement System (LRS) and the Judges' Retirement System (JRS).

For CalPERS non-pay-related plans, the financial objective is to produce annual costs that coincide with the value of benefits earned for that year. The Term Insurance Cost Method is used for the plans within the 1959 Survivor Program that are not indexed and for the State Group Term Life Insurance Program. The Unit Credit Cost Method is used for the Volunteer Firefighters' Length of Service Award System (VFLSAS).

Annual actuarial valuations are performed each June 30 using these methods. This report contains information through the most recent valuation date of June 30, 2003. Progress in financing can be found in the Summary of Funding Progress, Exhibits A and B.

The actuarial assumptions and methods used for funding purposes meet the parameters set for disclosures presented in the financial section by Governmental Accounting Standards Board Statement No. 25.

Entry Age Normal Cost Method

Under the Entry Age Normal Cost Method, projected benefits are determined for all members. For active members, liabilities are spread in a manner that produces level annual costs as a percent of pay in each year from the age of hire (entry age) to the assumed retirement age. The cost allocated to the current fiscal year is called the normal cost. The actuarial accrued liability for active members is then calculated as the portion of the total cost of the plan allocated to prior years.

The actuarial accrued liability for members currently receiving benefits, for active members beyond the assumed retirement age, and for inactive members entitled to deferred benefits is equal to the present value of the benefits expected to be paid. No normal costs are applicable for these participants.

CalPERS Actuarial Methods and Assumptions (continued)

The excess of the total actuarial accrued liability over the value of plan assets is called the unfunded actuarial accrued liability.

The required contribution is then determined by adding the normal cost and an amortization of the unfunded liability as a level percentage of assumed future payroll.

In the CalPERS case, the unfunded liability is broken down into components, or bases, according to their date of origin and the cause that gave rise to that component. A component of the unfunded liability that arose due to a change in plan provisions or in actuarial methods or assumptions is separately tracked and amortized over 20 years.

The actuarial assumptions discussed in this section are used to determine projected benefits. The effect of differences between those assumptions and the actual experience of the plan is calculated each year when the annual actuarial valuation is performed. These differences are actuarial gains or losses.

Actuarial gains and losses are separately tracked and offset against one another. Ten percent of the net unamortized gains and losses are included in the required amortization payment each year.

A maximum 30-year amortization payment on the entire unfunded liability is enforced on the amortization methods described above. In addition, for those plans in which the amortization methods described above result in either mathematical inconsistencies or unreasonable actuarial results, all unfunded liability components are combined into a single base and amortized over a period of time, as determined by the CalPERS Chief Actuary.

Term Insurance Cost Method

The actuarial funding method for non-indexed levels of the 1959 Survivor Program is a modified Term Insurance Cost Method. Under this method, there is no actuarial accrued liability for active members; all liability is due to current beneficiaries. The normal cost is calculated as the amount needed to provide benefits to survivors of deaths expected in the next one-year period.

The Term Insurance Cost Method is also used for the State Group Term Life Insurance Program. The required contributions are calculated as one and one-half times the expected life insurance payments for the coming year less the current assets available to pay those benefits, but not less than zero.

Unit Credit Cost Method

The Unit Credit Cost Method is used to value the benefits provided by the VFLSAS. Under this method, the actuarial accrued liability is the sum of the present value of accrued benefits of all participants. The normal cost is the present value of the benefits earned during the valuation year by all participants.

Aggregate Cost Method

The Aggregate Cost Method is used for the LRS and JRS systems. Under this method, the difference between the present value of projected benefits and the assets of the plan are allocated over a specified period of time as a level dollar amount. The amount allocated to the current fiscal year is called the normal cost. There is no actuarial accrued liability calculated using the Aggregate Cost Method.

CalPERS Actuarial Methods and Assumptions (continued)

Asset Valuation Method

Because wide swings in the Market Value of Assets might produce employer contribution rates that swing wildly from year to year, the CalPERS actuaries employ techniques which place a year-to-year value on assets in an attempt to smooth such swings.

At CalPERS the following asset-smoothing technique is used: first an Expected Value of Assets is computed by bringing forward the prior year's Actuarial Value of Assets and the contributions received and benefits paid during the year at the assumed actuarial rate of return. The Actuarial Value of Assets is then computed as the Expected Value of Assets plus one-third of the difference between the actual Market Value of Assets and the Expected Value of Assets as of the valuation date. The resulting actuarial value is then limited to be not less than 90 percent, nor more than 110 percent of the Market Value of Assets. This methodology is used in the valuations for all programs except the JRS, which uses an Actuarial Value of Assets equal to the Market Value of the Fund plus accrued interest.

Some plans were set to have the Actuarial Value of assets to 110 percent of the Market Value in the June 30, 2003 valuation. The details are described in the Changes Since Prior Valuation section shown on the next page.

Actuarial Assumptions

The actuarial assumptions used in determining actuarial liabilities and required employer contributions include both economic and non-economic assumptions. These assumptions represent the actuary's best estimate of anticipated future experience and are reviewed in depth periodically.

Economic Assumptions

The economic assumptions include an assumed inflation assumption of 3.0 percent compounded annually. The inflation assumption is a component of assumed investment return, assumed wage growth, and assumed future post-retirement cost-of-living increases.

Based upon the asset allocation of the Public Employees' Retirement Fund (PERF), the assumed investment

return (net of administrative and investment expenses) is 7.75 percent per year, compounded annually. Different asset allocations and lower assumed investment returns apply to LRF, JRF, JRF II, and VFF.

The assumed investment returns for these four plans are 7.0 percent, 7.0 percent, 7.25 percent, and 7.5 percent, respectively.

For plans within CalPERS, the overall payroll is assumed to increase 3.25 percent annually. This is based upon the 3.0 percent inflation assumption and a .25 percent per annum productivity increase assumption. The overall payroll growth assumption is used to project future payroll over which the unfunded liability is amortized.

For plans within CalPERS, the assumed growth in an individual employee's future pay is composed of the 3.0 percent inflation component, an additional .25 percent per annum productivity component, and an annual merit increase based on the member's length of service. The service-based merit increase in an individual's salary recognizes that larger salary increases tend to occur earlier in an employee's career. Pay increase assumptions for individual members are shown for sample lengths of service in Exhibit C.

Non-Economic Assumptions

Non-economic assumptions for plans within PERF are based upon demographic studies covering the period June 30, 1997 through June 30, 2002. The probabilities of service retirement, withdrawal from service, non-industrial disability, industrial disability, and death-in-service are shown for sample ages in Exhibit D. Individuals hired on or before June 30, 1982, are entitled to subsidized optional benefits. Certain valuation liabilities are increased to reflect this subsidy.

Post-retirement mortality tables are based on CalPERS experience. These tables are used to estimate the value of benefits expected to be paid for service and disability retirements. For disability retirements, impaired longevity is recognized by a separate table. Sample life annuity values based on these tables are shown in Exhibit E.

Changes Since Prior Valuation

Changes in Actuarial Methods

In October 2003, Assembly Bill 1974 was chaptered giving full authority to the CalPERS Board to implement risk pools. Participation in risk pools is mandatory for all public agency plans with less than 100 active members, as of June 30, 2003. There are 10 risk pools: five miscellaneous pools, four safety pools, and one for inactive plans. Except for the pool for inactive plans, all plans in a pool have the same basic benefit formula. Cost adjustments are made for certain "Class 1" benefits including: 1-year final compensation, post-retirement survivor continuance allowance, 3 percent, 4 percent, or 5 percent COLA, and IDR for miscellaneous members, to ensure fairness among participating employers. In addition, an initial side fund was created for each pooled plan to reflect the funded status of the plan upon joining a risk pool. These side funds were amortized in June 30, 2003 over the period that produced an amortization payment equal to the required payment had the plan not participated in a risk pool.

In April 2004, the Board approved setting the actuarial value of assets to 110 percent of market value in the June 30, 2003 valuation for all public agencies, for the purpose of determining the 2005-06 employer contribution rates. The Board made this change to facilitate the transition to pooling for public agency plans with less than 100 active members. Since 91 percent of all public agency plans already had their actuarial value of assets at or above 109 percent, this change has very little impact on the employer contribution rate for 2005-06 for the great majority of plans.

For the VFLSAS, the method of valuing the Death Benefit has changed to be gradually recognized instead of recognized in full upon vesting. The Actuarial Value of Assets has been reset to 110 percent of the Market Value of Assets. The amortization of the Unfunded Actuarial Liability has been fresh-started to 30 years. Without this change, the amortization period would have been 15 years.

Prior to 2005-06, the contribution for the 1959 Survivor Benefit program's first and second level was calculated for each agency on a stand-alone basis and included with the contribution for the retirement program in this report. Beginning with 2005-06, the contribution for the 1959 Survivor Benefit program's first and second level is calculated on a pooled basis and billed separately.

Changes in Actuarial Assumptions

In April 2004, the Board approved a 0.5 percent reduction in the assumed annual inflation. The inflation assumption was reduced from 3.50 percent to 3.00 percent, causing a corresponding .50 percent reduction in the salary growth and overall payroll growth assumptions, as well as the investment return assumption. For the plans within the PERF (State, schools, and public agencies), the net investment return assumption was changed from 8.25 percent to 7.75 percent.

For the JRS and LRS, the salary scale assumption was changed from 3.75 percent to 3.25 percent, and the net investment return assumption was changed from 7.50 percent to 7.00 percent. For the JRS II, the salary scale assumption was changed from 3.75 percent to 3.25 percent, and the net investment return assumption was changed from 7.75 percent to 7.25 percent. For the VFLSAS, the investment return assumption was changed from 8.0 percent to 7.5 percent.

In May 2004, the Board approved a new set of demographic and salary growth actuarial assumptions to be used in the June 30, 2003 valuations of the plans within the PERF. The new assumptions are described in Exhibits C and D. The new actuarial assumptions were developed as part of the experience study completed in May 2004 by Actuarial & Employer Services Branch.

Changes Since Prior Valuation (continued)

Changes in Plan Provisions

The following benefit changes are included for the first time in the valuations for public agency plans.

In October 2003, Assembly Bill 1974 was chaptered giving full authority to the Board to implement risk pools. Participation in risk pools is mandatory for all public agency plans with less than 100 active members, as of June 30, 2003. Assembly Bill 1974 mandated certain benefits for all pooled plans effective July 1, 2005. Since the June 30, 2003 valuation determines the employer contribution rate for 2005-06, these mandated benefits have been included for plans with less than 100 active members on the valuation date. Only two of the mandated

benefits have an effect on plan costs: credit for unused sick leave and Pre-Retirement Optional Settlement 2 Death Benefit.

Senate Bill 1801 (effective January 1, 2003) converts State miscellaneous service earned while a student at the California Highway Patrol's training school to patrol service once the CHP trainee becomes an officer. The service will be converted if the member does not elect, upon notification, to keep service as miscellaneous service. The June 30, 2003 valuation of the State plans reflected the cost of converting the service for all existing patrol members. The conversion cost for future patrol members will be reflected as they occur over time.

Summary of Funding Progress

Unfunded Liability and Funded Ratios

For the plans in CalPERS, unfunded actuarial accrued liabilities are the difference between Entry Age Normal Accrued Liabilities and the assets of the Fund. It is required that these unfunded liabilities be financed systematically over future years.

Because of inflation, comparing the dollar amounts of assets, benefits paid, member salaries, and unfunded actuarial accrued liabilities can be misleading. While no one or two measures can fully describe the financial condition of the plan, unfunded actuarial accrued liability dollars divided by member salary dollars provide a meaningful index. The smaller the ratio, the stronger the System. Observation of this relative index over a period of years will give an indication of the financial strength of the System. Such a measure is presented in Exhibit A. The JRS and LRS use the Aggregate Cost Method to determine annual plan costs. Under the Aggregate Cost Method, no accrued liabilities are calculated, so this exhibit is not appropriate for these Systems.

Solvency Test

Exhibit B, Funding Progress — Solvency Test, demonstrates System solvency as measured under the Governmental Accounting Standards Board Statement No. 25. Again, as stated in the Summary of Funding Progress, the LRS and JRS use the Aggregate Cost Method; therefore, measuring System solvency under Exhibit B is not appropriate for these Systems.

Independent Review

To ensure the quality of its valuations, CalPERS contracts with independent consulting actuaries to review the valuations on a triennial basis.

Exhibit A – Funding Progress — Unfunded Liability and Funded Ratios

(Dollars in Millions)

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2) – (1)	(4) Funded Ratios (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)
PERF						
6/30/94	\$77,850	\$80,530	\$2,680	96.7%	\$19,900	13.5%
6/30/95	83,775	87,673	3,898	95.6	20,800	18.7
6/30/96	94,230	96,838	2,608	97.3	22,322	11.7
6/30/97	108,566	97,925	(10,641)	110.9	22,504	(47.3)
6/30/98	128,830	106,938	(21,892)	120.5	24,672	(88.7)
6/30/99	148,605	115,748	(32,857)	128.4	27,636	(118.9)
6/30/00	162,439	135,970	(26,469)	119.5	28,098	(94.2)
6/30/01	166,860	149,155	(17,705)	111.9	30,802	(57.5)
6/30/02	156,067	163,961	7,894	95.2	32,873	24.0
6/30/03	158,596	180,922	22,326 ¹	87.7	34,784	64.2
LRF						
6/30/94	\$85.3	\$99.6	\$14.3	85.6%	\$5.0	286.0%
6/30/95	88.5	101.6	13.1	87.1	4.9	267.3
6/30/96	94.2	105.2	11.0	89.5	4.8	229.2
6/30/97	N/A	N/A	N/A	N/A	N/A	N/A
6/30/98	N/A	N/A	N/A	N/A	N/A	N/A
6/30/99	N/A	N/A	N/A	N/A	N/A	N/A
6/30/00	N/A	N/A	N/A	N/A	N/A	N/A
6/30/01	N/A	N/A	N/A	N/A	N/A	N/A
6/30/02	N/A	N/A	N/A	N/A	N/A	N/A
6/30/03	N/A	N/A	N/A	N/A	N/A	N/A
JRF						
6/30/94	\$14.9	\$1,289.7	\$1,274.8	1.2%	\$150.0	849.9%
6/30/95	9.3	1,406.0	1,396.7	0.7	156.8	890.1
6/30/96	12.5	1,460.1	1,447.6	0.9	153.8	941.0
6/30/97	N/A	N/A	N/A	N/A	N/A	N/A
6/30/98	N/A	N/A	N/A	N/A	N/A	N/A
6/30/99	N/A	N/A	N/A	N/A	N/A	N/A
6/30/00	N/A	N/A	N/A	N/A	N/A	N/A
6/30/01	N/A	N/A	N/A	N/A	N/A	N/A
6/30/02	N/A	N/A	N/A	N/A	N/A	N/A
6/30/03	N/A	N/A	N/A	N/A	N/A	N/A

Exhibit A – Funding Progress — Unfunded Liability and Funded Ratios (continued)

(Dollars in Millions)

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2) – (1)	(4) Funded Ratios (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)
JRF II						
6/30/95	\$.239	\$.071	(\$.168)	338.6%	\$0.9	(18.7%)
6/30/96	2.388	2.813	.425	84.9	8.1	5.3
6/30/97	7.242	7.906	.664	91.6	15.4	4.3
6/30/98	15.120	15.043	(.077)	100.5	33.9	(0.2)
6/30/99	27.155	26.921	(.234)	100.9	40.0	(0.6)
6/30/00	40.503	41.619	1.116	97.3	43.0	2.6
6/30/01	55.955	60.933	4.979	91.8	61.5	8.1
6/30/02	71.929	76.459	4.530	94.1	72.8	6.2
6/30/03	96.107	105.116	9.009	91.4	87.3	10.3
VFF						
6/30/94	\$.799	\$.689	(\$.110)	116.0%	N/A	N/A
6/30/95	.931	.815	(.116)	114.2	N/A	N/A
6/30/96	1.078	.934	(.144)	115.4	N/A	N/A
6/30/97	1.360	1.121	(.239)	121.3	N/A	N/A
6/30/98	1.678	1.500	(.178)	111.8	N/A	N/A
6/30/99	1.987	1.805	(.182)	110.1	N/A	N/A
6/30/00	2.302	2.296	(.006)	100.3	N/A	N/A
6/30/01	2.524	2.183	(.341)	115.6	N/A	N/A
6/30/02	2.310	2.453	.143	94.2	N/A	N/A
6/30/03	2.786	3.206	.420	86.9	N/A	N/A

Note:

¹ Beginning with June 30, 2003 actuarial valuation, the assets and liabilities of the 3rd, 4th, 5th, and Indexed Levels of the 1959 Survivor Benefit Program are included in the PERF funding progress. The Unfunded Actuarial Accrued Liability (net assets in excess of the total Actuarial Accrued Liability) of the PERF by major employer groups from the June 30, 2003 valuation is as follows: 1) \$11,953 for the State of California, 2) \$2,762 for schools, and 3) \$7,611 for public agencies.

Supplemental Schedule of Differences

Reconciliation Between the Net Assets Held in Trust for Pension Benefits and the Net Assets Allocated to Fund the Pension Benefit Obligation or the Actuarial Liability — June 30, 2003.

	PERF	LRF	JRF	JRF II	VFF
Net Assets Held in Trust for Pension					
Benefits Less:	\$144,762,706,000	\$130,984,000	\$4,512,000	\$90,714,000	\$2,533,000
Prior Year Adjustment	3,615,171	—	—	—	—
Member Additional Contributions	6,306,003	—	—	—	—
Reserve for Post-Retirement Redeposit	26,645,882	—	—	—	—
Reserve for Disability Installment Payments	95,714	—	—	—	—
Reserve for Purchasing Power Protection Account	—	—	—	—	—
Reserve for Unclaimed Benefits	16,590,820	—	—	—	—
Reserve for Deficiencies	357,895,243	—	—	—	—
Reserve for Fiduciary Self-Insurance	40,000,000	—	—	—	—
Other	(18,290,144)	—	—	—	—
Difference Between Smoothed Market Value & Fair Value	(14,265,882,856)	(6,442,576)	364	(5,393,358)	(253,122)
Actuarial Value of Assets	\$158,595,730,167	\$137,426,576	\$4,511,636	\$96,107,358	\$2,786,122

Exhibit B – Funding Progress — Solvency Test

The funding objective for a retirement system is to be able to pay long-term benefit promises through contributions that remain approximately level from year to year as a percent of salaries earned by members. In this way, members and employers in each year pay their fair share for retirement services accrued in that year by the retirement system's members.

If a system follows level contribution rate financing principles, it will pay all promised benefits when due — the ultimate test of financial soundness.

A short-term solvency test is one means of checking a system's funding progress. In a short-term solvency test, the plan's present assets (investments and cash) are compared with 1) member contributions on deposit, 2) the liabilities for future benefits to persons who have retired or

terminated, and 3) the liabilities for projected benefits for service already rendered by active members. In a system that has been following the discipline of level contribution rate financing, the liabilities for member contributions on deposit (liability 1) and the liabilities for future benefits to present retirees (liability 2) will be fully covered by present assets, except in rare circumstances.

In addition, the liabilities for service already rendered by members (liability 3) will be partially covered by the remainder of present assets. Generally, if the system has been using level contribution rate financing, the funded portion of liability 3 will increase over time.

Exhibit B illustrates the progress of funding liability of CalPERS, JRF, JRF II, LRF, and VFF.

Exhibit B – Funding Progress — Solvency Test (continued)

Valuation Date	Member Contributions (1) ¹	Terminated, Retirees & Beneficiaries (2)	Employer-Financed Portion of Active Members (3)	Valuation Assets	Portion of Actuarial Accrued Liabilities Covered by Reported Assets		
					(1)	(2)	(3)
PERF							
(Dollars in Billions)							
6/30/94	\$14.77	\$35.62	\$30.14	\$77.9	100%	100%	91.1%
6/30/95	16.06	39.61	32.00	83.8	100	100	87.8
6/30/96	17.52	42.55	36.77	94.2	100	100	92.8
6/30/97	18.70	50.81	28.42	108.6	100	100	137.5
6/30/98	20.06	55.35	31.53	128.9	100	100	169.6
6/30/99	21.52	58.03	36.20	148.6	100	100	190.7
6/30/00	22.88	66.33	46.76	162.4	100	100	156.6
6/30/01	24.51	84.94	64.22	166.9	100	100	89.4
6/30/02	26.30	93.45	70.51	156.1	100	100	51.6
6/30/03	27.53	103.15	77.77	158.6	100	100	35.9

LRF

(Dollars in Millions)

6/30/94	\$7.1	\$68.1	\$24.4	\$85.3	100%	100%	41.4%
6/30/95	6.5	73.5	21.6	88.5	100	100	39.4
6/30/96	6.9	77.8	20.5	94.2	100	100	46.3
6/30/97	5.6	82.0	9.9	105.3	100	100	100.0
6/30/98	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6/30/99	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6/30/00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6/30/01	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6/30/02	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6/30/03	N/A	N/A	N/A	N/A	N/A	N/A	N/A

JRF

(Dollars in Millions)

6/30/94	\$91.5	\$701.1	\$497.1	\$14.9	16.3%	0%	0%
6/30/95	96.5	785.3	524.2	9.3	9.6	0	0
6/30/96	102.0	821.8	536.3	12.5	12.3	0	0
6/30/97	105.4	938.9	619.3	6.1	5.8	0	0
6/30/98	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6/30/99	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6/30/00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6/30/01	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6/30/02	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6/30/03	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note:

¹ Includes accrued interest on member contributions.

Exhibit B – Funding Progress — Solvency Test (continued)

Valuation Date	Member Contributions (1) ¹	Terminated, Retirees & Beneficiaries (2)	Employer- Financed Portion of Active Members (3)	Valuation Assets	Portion of Actuarial Accrued Liabilities Covered by Reported Assets		
					(1)	(2)	(3)
JRF II							
(Dollars in Millions)							
6/30/95	\$0.075	\$ —	(\$0.004)	\$0.2	100%	100%	100%
6/30/96	0.698	—	2.115	2.4	100	100	79.9
6/30/97	1.877	0.273	5.757	7.2	100	100	87.7
6/30/98	3.979	0.378	10.686	15.1	100	100	100.7
6/30/99	6.509	0.195	20.217	27.2	100	100	101.2
6/30/00	9.680	0.292	31.647	40.5	100	100	96.5
6/30/01	13.817	0.167	46.949	56.0	100	100	89.4
6/30/02	19.12	0.356	56.988	72.0	100	100	92.1
6/30/03	28.43	0.714	75.972	96.1	100	100	88.1

VFF

(Dollars in Millions)

6/30/94	N/A	\$0.045	\$0.644	\$0.799	N/A	100%	117.1%
6/30/95	N/A	0.054	0.761	0.931	N/A	100	115.2
6/30/96	N/A	0.046	0.887	1.078	N/A	100	116.3
6/30/97	N/A	0.089	1.033	1.360	N/A	100	123.1
6/30/98	N/A	0.156	1.344	1.678	N/A	100	113.2
6/30/99	N/A	0.178	1.627	1.987	N/A	100	111.2
6/30/00	N/A	0.275	2.021	2.302	N/A	100	100.3
6/30/01	N/A	0.458	1.724	2.524	N/A	100	119.8
6/30/02	N/A	0.476	1.977	2.310	N/A	100	92.8
6/30/03	N/A	0.561	2.644	2.786	N/A	100	84.1

Note:

¹ Includes accrued interest on member contributions.

Exhibit C – Sample Pay Increase Assumptions for Individual Members

Annual Percentage Increases Vary by Duration of Service ¹

Duration of Service	State Miscellaneous First & Second Tier			State Industrial First & Second Tier		
	Entry Age 20	Entry Age 30	Entry Age 40	Entry Age 20	Entry Age 30	Entry Age 40
0	13.35 %	10.95 %	8.25 %	9.55 %	8.85 %	8.25 %
3	8.95	8.05	6.55	8.15	7.75	7.35
5	7.25	6.75	5.85	7.35	7.15	6.95
10	4.95	4.85	4.45	6.05	5.85	5.75
15	4.25	4.15	3.95	5.15	5.05	4.95
20	3.85	3.85	3.75	4.55	4.45	4.35
25	3.55	3.55	3.45	3.85	3.85	3.85
30	3.25	3.25	3.25	3.25	3.25	3.25

Duration of Service	State Safety			State Peace Officers & Firefighters		
	Entry Age 20	Entry Age 30	Entry Age 40	Entry Age 20	Entry Age 30	Entry Age 40
0	7.55 %	7.35 %	7.15 %	19.95 %	18.55 %	16.85 %
3	6.15	5.65	4.85	9.05	8.85	8.25
5	5.55	5.05	4.05	6.85	6.65	6.05
10	4.85	4.35	3.55	4.65	4.55	4.35
15	4.35	4.05	3.45	4.15	4.05	4.05
20	3.95	3.75	3.45	3.85	3.75	3.75
25	3.65	3.55	3.35	3.55	3.55	3.55
30	3.25	3.25	3.25	3.25	3.25	3.25

Duration of Service	California Highway Patrol			Schools		
	Entry Age 20	Entry Age 30	Entry Age 40	Entry Age 20	Entry Age 30	Entry Age 40
0	9.05 %	9.05 %	9.05 %	11.05 %	9.85 %	8.45 %
3	6.25	6.25	6.25	7.75	7.25	6.45
5	5.15	5.15	5.15	6.55	6.25	5.55
10	3.95	3.95	3.95	4.75	4.65	4.35
15	3.75	3.75	3.75	4.15	4.05	3.75
20	3.55	3.55	3.55	3.85	3.75	3.45
25	3.45	3.45	3.45	3.55	3.55	3.35
30	3.25	3.25	3.25	3.25	3.25	3.25

Note:

¹ Increase includes the assumed inflation rate of 3.0 percent per year.

Exhibit C – Sample Pay Increase Assumptions for Individual Members (continued)

Annual Percentage Increases Vary by Duration of Service ¹

Duration of Service	Public Agency Miscellaneous			Public Agency Fire		
	Entry Age 20	Entry Age 30	Entry Age 40	Entry Age 20	Entry Age 30	Entry Age 40
0	14.45%	12.65%	10.05%	10.75%	10.75%	10.45%
3	9.05	8.25	6.95	8.25	7.75	6.25
5	7.25	6.75	5.85	7.15	6.45	4.75
10	5.05	4.85	4.35	5.35	4.85	3.75
15	4.55	4.35	3.85	4.35	4.15	3.65
20	4.15	3.95	3.55	3.95	3.85	3.45
25	3.65	3.65	3.45	3.55	3.55	3.35
30	3.25	3.25	3.25	3.25	3.25	3.25

Duration of Service	Public Agency Police			Public Agency County Peace Officers		
	Entry Age 20	Entry Age 30	Entry Age 40	Entry Age 20	Entry Age 30	Entry Age 40
0	11.15%	11.15%	11.15%	13.15%	13.15%	13.15%
3	7.45	7.25	6.65	8.45	7.95	7.35
5	6.15	5.75	5.05	6.85	6.25	5.55
10	4.75	4.45	3.65	4.85	4.45	4.05
15	4.35	4.15	3.55	4.35	4.05	3.85
20	3.95	3.85	3.45	3.95	3.85	3.65
25	3.65	3.55	3.35	3.65	3.55	3.45
30	3.25	3.25	3.25	3.25	3.25	3.25

Note:

¹ Increase includes the assumed inflation rate of 3.0 percent per year.

Exhibit D – Sample Non-Economic Assumptions

State Miscellaneous First Tier (Male)

Probability of active members leaving due to:

Age ¹	Termination with Refund 5 Years ²	Termination with Vested Deferred Benefits 5 Years ²	Service Retirement		Non-Industrial Death	Non-Industrial Disability	Industrial Death	Industrial Disability
			10 Years ²	25 Years ²				
15	0.0226	0.0385	N/A	N/A	0.00013	0.0000	N/A	N/A
20	0.0207	0.0352	N/A	N/A	0.00019	0.0001	N/A	N/A
25	0.0187	0.0319	N/A	N/A	0.00027	0.0002	N/A	N/A
30	0.0168	0.0286	N/A	N/A	0.00038	0.0003	N/A	N/A
35	0.0149	0.0253	N/A	N/A	0.00054	0.0005	N/A	N/A
40	0.0129	0.0221	N/A	N/A	0.00077	0.0012	N/A	N/A
45	0.0110	0.0000	N/A	N/A	0.00110	0.0022	N/A	N/A
50	0.0091	0.0000	0.0088	0.0187	0.00156	0.0038	N/A	N/A
55	0.0071	0.0000	0.0317	0.0673	0.00221	0.0040	N/A	N/A
56	0.0068	0.0000	0.0255	0.0541	0.00237	0.0038	N/A	N/A
57	0.0064	0.0000	0.0322	0.0683	0.00255	0.0035	N/A	N/A
58	0.0060	0.0000	0.0401	0.0851	0.00273	0.0032	N/A	N/A
59	0.0056	0.0000	0.0468	0.0994	0.00293	0.0029	N/A	N/A
60	0.0052	0.0000	0.0697	0.1479	0.00314	0.0026	N/A	N/A
61	0.0048	0.0000	0.0693	0.1471	0.00337	0.0023	N/A	N/A
62	0.0044	0.0000	0.1252	0.2659	0.00362	0.0021	N/A	N/A
63	0.0040	0.0000	0.1497	0.3179	0.00388	0.0019	N/A	N/A
64	0.0037	0.0000	0.0989	0.2099	0.00416	0.0017	N/A	N/A
65	0.0033	0.0000	0.1447	0.3073	0.00447	0.0015	N/A	N/A
70	0.0013	0.0000	0.1068	0.2268	0.00634	0.0015	N/A	N/A

State Miscellaneous First Tier (Female)

Probability of active members leaving due to:

Age ¹	Termination with Refund 5 Years ²	Termination with Vested Deferred Benefits 5 Years ²	Service Retirement		Non-Industrial Death	Non-Industrial Disability	Industrial Death	Industrial Disability
			10 Years ²	25 Years ²				
15	0.0226	0.0385	N/A	N/A	0.00006	0.0000	N/A	N/A
20	0.0207	0.0352	N/A	N/A	0.00009	0.0001	N/A	N/A
25	0.0187	0.0319	N/A	N/A	0.00014	0.0005	N/A	N/A
30	0.0168	0.0286	N/A	N/A	0.00021	0.0010	N/A	N/A
35	0.0149	0.0253	N/A	N/A	0.00031	0.0014	N/A	N/A
40	0.0129	0.0221	N/A	N/A	0.00046	0.0022	N/A	N/A
45	0.0110	0.0000	N/A	N/A	0.00068	0.0035	N/A	N/A
50	0.0091	0.0000	0.0088	0.0187	0.00102	0.0056	N/A	N/A
55	0.0071	0.0000	0.0317	0.0673	0.00151	0.0070	N/A	N/A
56	0.0068	0.0000	0.0255	0.0541	0.00164	0.0069	N/A	N/A
57	0.0064	0.0000	0.0322	0.0683	0.00178	0.0068	N/A	N/A
58	0.0060	0.0000	0.0401	0.0851	0.00192	0.0065	N/A	N/A
59	0.0056	0.0000	0.0468	0.0994	0.00208	0.0061	N/A	N/A
60	0.0052	0.0000	0.0697	0.1479	0.00226	0.0057	N/A	N/A
61	0.0048	0.0000	0.0693	0.1471	0.00244	0.0053	N/A	N/A
62	0.0044	0.0000	0.1252	0.2659	0.00265	0.0049	N/A	N/A
63	0.0040	0.0000	0.1497	0.3179	0.00287	0.0046	N/A	N/A
64	0.0037	0.0000	0.0989	0.2099	0.00310	0.0042	N/A	N/A
65	0.0033	0.0000	0.1447	0.3073	0.00336	0.0038	N/A	N/A
70	0.0013	0.0000	0.1068	0.2268	0.00500	0.0038	N/A	N/A

Notes:

¹ The Termination with Refund and Termination with Vested Deferred Benefits age means Entry Age. For all other decrements, age means Attained Age.

² Years of service.

Exhibit D – Sample Non-Economic Assumptions (continued)

State Miscellaneous Second Tier (Male)

Probability of active members leaving due to:

Age ¹	Non-Vested Termination 5 Years ²	Termination with Vested Deferred Benefits 5 Years ²	Service Retirement		Non-Industrial Death	Non-Industrial Disability	Industrial Death	Industrial Disability
			10 Years ²	25 Years ²				
15	0.0906	0.0652	N/A	N/A	0.00013	0.0000	N/A	N/A
20	0.0843	0.0589	N/A	N/A	0.00019	0.0001	N/A	N/A
25	0.0780	0.0526	N/A	N/A	0.00027	0.0002	N/A	N/A
30	0.0717	0.0463	N/A	N/A	0.00038	0.0003	N/A	N/A
35	0.0654	0.0400	N/A	N/A	0.00054	0.0003	N/A	N/A
40	0.0591	0.0000	N/A	N/A	0.00077	0.0023	N/A	N/A
45	0.0528	0.0000	N/A	N/A	0.00110	0.0042	N/A	N/A
50	0.0465	0.0000	0.0128	0.0221	0.00156	0.0058	N/A	N/A
55	0.0402	0.0000	0.0400	0.0689	0.00221	0.0073	N/A	N/A
56	0.0390	0.0000	0.0300	0.0517	0.00237	0.0075	N/A	N/A
57	0.0377	0.0000	0.0403	0.0695	0.00255	0.0077	N/A	N/A
58	0.0365	0.0000	0.0523	0.0902	0.00273	0.0078	N/A	N/A
59	0.0352	0.0000	0.0366	0.0631	0.00293	0.0080	N/A	N/A
60	0.0339	0.0000	0.0566	0.0975	0.00314	0.0081	N/A	N/A
61	0.0327	0.0000	0.0664	0.1144	0.00337	0.0083	N/A	N/A
62	0.0314	0.0000	0.1512	0.2605	0.00362	0.0084	N/A	N/A
63	0.0302	0.0000	0.0962	0.1659	0.00388	0.0086	N/A	N/A
64	0.0289	0.0000	0.1242	0.2141	0.00416	0.0087	N/A	N/A
65	0.0277	0.0000	0.2195	0.3783	0.00447	0.0089	N/A	N/A
70	0.0214	0.0000	0.1416	0.2440	0.00634	0.0089	N/A	N/A

State Miscellaneous Second Tier (Female)

Probability of active members leaving due to:

Age ¹	Non-Vested Termination 5 Years ²	Termination with Vested Deferred Benefits 5 Years ²	Service Retirement		Non-Industrial Death	Non-Industrial Disability	Industrial Death	Industrial Disability
			10 Years ²	25 Years ²				
15	0.0906	0.0652	N/A	N/A	0.00006	0.0000	N/A	N/A
20	0.0843	0.0589	N/A	N/A	0.00009	0.0001	N/A	N/A
25	0.0780	0.0526	N/A	N/A	0.00014	0.0004	N/A	N/A
30	0.0717	0.0463	N/A	N/A	0.00021	0.0006	N/A	N/A
35	0.0654	0.0400	N/A	N/A	0.00031	0.0017	N/A	N/A
40	0.0591	0.0000	N/A	N/A	0.00046	0.0041	N/A	N/A
45	0.0528	0.0000	N/A	N/A	0.00068	0.0068	N/A	N/A
50	0.0465	0.0000	0.0128	0.0221	0.00102	0.0099	N/A	N/A
55	0.0402	0.0000	0.0400	0.0689	0.00151	0.0123	N/A	N/A
56	0.0390	0.0000	0.0300	0.0517	0.00164	0.0126	N/A	N/A
57	0.0377	0.0000	0.0403	0.0695	0.00178	0.0129	N/A	N/A
58	0.0365	0.0000	0.0523	0.0902	0.00192	0.0131	N/A	N/A
59	0.0352	0.0000	0.0366	0.0631	0.00208	0.0133	N/A	N/A
60	0.0339	0.0000	0.0566	0.0975	0.00226	0.0134	N/A	N/A
61	0.0327	0.0000	0.0664	0.1144	0.00244	0.0134	N/A	N/A
62	0.0314	0.0000	0.1512	0.2605	0.00265	0.0134	N/A	N/A
63	0.0302	0.0000	0.0962	0.1659	0.00287	0.0134	N/A	N/A
64	0.0289	0.0000	0.1242	0.2141	0.00310	0.0134	N/A	N/A
65	0.0277	0.0000	0.2195	0.3783	0.00336	0.0133	N/A	N/A
70	0.0214	0.0000	0.1416	0.2440	0.00500	0.0133	N/A	N/A

Notes:

¹ The Termination with Refund and Termination with Vested Deferred Benefits age means Entry Age. For all other decrements, age means Attained Age.

² Years of service.

Exhibit D – Sample Non-Economic Assumptions (continued)

State Safety (Male)

Probability of active members leaving due to:

Years ¹	Termination with Refund	Age ²	Termination with Vested Deferred Benefits 5 Years	Service Retirement		Non-Industrial Death	Non-Industrial Disability	Industrial Death	Industrial Disability
				10 Years ¹	25 Years ¹				
0	0.1313	15	0.0181	N/A	N/A	0.00013	0.0000	0.00000	0.0002
1	0.0967	20	0.0181	N/A	N/A	0.00019	0.0004	0.00003	0.0002
2	0.0622	25	0.0181	N/A	N/A	0.00027	0.0006	0.00007	0.0009
3	0.0461	30	0.0181	N/A	N/A	0.00038	0.0007	0.00010	0.0018
4	0.0374	35	0.0181	N/A	N/A	0.00054	0.0008	0.00013	0.0027
5	0.0106	40	0.0181	N/A	N/A	0.00077	0.0008	0.00017	0.0036
6	0.0100	45	0.0000	N/A	N/A	0.00110	0.0012	0.00020	0.0044
7	0.0094	50	0.0000	0.0350	0.0900	0.00156	0.0024	0.00023	0.0053
8	0.0088	55	0.0000	0.0486	0.1251	0.00221	0.0034	0.00027	0.0080
9	0.0082	56	0.0000	0.0414	0.1065	0.00237	0.0036	0.00027	0.0080
10	0.0077	57	0.0000	0.0431	0.1107	0.00255	0.0038	0.00028	0.0080
15	0.0052	58	0.0000	0.0451	0.1160	0.00273	0.0039	0.00029	0.0080
20	0.0033	59	0.0000	0.0559	0.1436	0.00293	0.0041	0.00029	0.0080
25	0.0017	60	0.0000	0.0687	0.1765	0.00314	0.0043	0.00030	0.0080
30	0.0012	61	0.0000	0.0933	0.2398	0.00337	0.0044	0.00031	0.0080
35	0.0012	62	0.0000	0.1120	0.2881	0.00362	0.0046	0.00031	0.0080
40	0.0012	63	0.0000	0.1018	0.2618	0.00388	0.0048	0.00032	0.0080
45	0.0012	64	0.0000	0.0955	0.2457	0.00416	0.0049	0.00033	0.0080
50	N/A	65	0.0000	0.1617	0.4157	0.00447	0.0051	0.00033	0.0080
55	N/A	70	0.0000	1.0000	1.0000	0.00634	0.0051	0.00037	0.0080

State Safety (Female)

Probability of active members leaving due to:

Years ¹	Termination with Refund	Age ²	Termination with Vested Deferred Benefits 5 Years	Service Retirement		Non-Industrial Death	Non-Industrial Disability	Industrial Death	Industrial Disability
				10 Years ¹	25 Years ¹				
0	0.1313	15	0.0181	N/A	N/A	0.00006	0.0000	0.00000	0.0002
1	0.0967	20	0.0181	N/A	N/A	0.00009	0.0004	0.00003	0.0002
2	0.0622	25	0.0181	N/A	N/A	0.00014	0.0006	0.00007	0.0009
3	0.0461	30	0.0181	N/A	N/A	0.00021	0.0007	0.00010	0.0018
4	0.0374	35	0.0181	N/A	N/A	0.00031	0.0008	0.00013	0.0027
5	0.0106	40	0.0181	N/A	N/A	0.00046	0.0008	0.00017	0.0036
6	0.0100	45	0.0000	N/A	N/A	0.00068	0.0012	0.00020	0.0044
7	0.0094	50	0.0000	0.0167	0.0295	0.00102	0.0024	0.00023	0.0053
8	0.0088	55	0.0000	0.0468	0.0827	0.00151	0.0034	0.00027	0.0080
9	0.0082	56	0.0000	0.0424	0.0750	0.00164	0.0036	0.00027	0.0080
10	0.0077	57	0.0000	0.0464	0.0820	0.00178	0.0038	0.00028	0.0080
15	0.0052	58	0.0000	0.0451	0.0797	0.00192	0.0039	0.00029	0.0080
20	0.0033	59	0.0000	0.0665	0.1176	0.00208	0.0041	0.00029	0.0080
25	0.0017	60	0.0000	0.0723	0.1278	0.00226	0.0043	0.00030	0.0080
30	0.0012	61	0.0000	0.0639	0.1131	0.00244	0.0044	0.00031	0.0080
35	0.0012	62	0.0000	0.1174	0.2076	0.00265	0.0046	0.00031	0.0080
40	0.0012	63	0.0000	0.1112	0.1966	0.00287	0.0048	0.00032	0.0080
45	0.0012	64	0.0000	0.0802	0.1419	0.00310	0.0049	0.00033	0.0080
50	N/A	65	0.0000	0.1604	0.2837	0.00336	0.0051	0.00033	0.0080
55	N/A	70	0.0000	0.1152	0.2038	0.00500	0.0051	0.00037	0.0080

Notes:

¹ Years of service.

² The Termination with Vested Deferred Benefits age means Entry Age. For all other decrements, age means Attained Age.

Exhibit D – Sample Non-Economic Assumptions (continued)

California Highway Patrol (Male)

Probability of active members leaving due to:

Years ¹	Termination with Refund	Age ²	Termination with Vested Deferred Benefits 5 Years	Service Retirement		Non-Industrial Death	Non-Industrial Disability	Industrial Death	Industrial Disability
				10 Years ¹	25 Years ¹				
0	0.0115	15	0.0061	N/A	N/A	0.00013	0.0000	0.00000	0.0009
1	0.0111	20	0.0061	N/A	N/A	0.00019	0.0001	0.00003	0.0009
2	0.0108	25	0.0061	N/A	N/A	0.00027	0.0001	0.00007	0.0017
3	0.0104	30	0.0061	N/A	N/A	0.00038	0.0001	0.00010	0.0025
4	0.0101	35	0.0061	N/A	N/A	0.00054	0.0001	0.00013	0.0033
5	0.0036	40	0.0061	N/A	N/A	0.00077	0.0001	0.00017	0.0042
6	0.0034	45	0.0000	N/A	N/A	0.00110	0.0002	0.00020	0.0050
7	0.0032	50	0.0000	0.0044	0.0132	0.00156	0.0002	0.00023	0.0058
8	0.0030	55	0.0000	0.0280	0.0840	0.00221	0.0002	0.00027	0.1189
9	0.0028	56	0.0000	0.0271	0.0813	0.00237	0.0002	0.00027	0.1189
10	0.0026	57	0.0000	0.0299	0.0897	0.00255	0.0002	0.00028	0.1189
15	0.0017	58	0.0000	0.0229	0.0686	0.00273	0.0002	0.00029	0.1189
20	0.0010	59	0.0000	0.0453	0.1358	0.00293	0.0002	0.00029	0.1189
25	0.0005	60	0.0000	1.0000	1.0000	0.00314	0.0002	0.00030	0.1189
30	0.0003	61	0.0000	1.0000	1.0000	0.00337	0.0002	0.00031	0.1189
35	0.0003	62	0.0000	1.0000	1.0000	0.00362	0.0002	0.00031	0.1189
40	0.0003	63	0.0000	1.0000	1.0000	0.00388	0.0002	0.00032	0.1189
45	0.0003	64	0.0000	1.0000	1.0000	0.00416	0.0002	0.00033	0.1189
50	N/A	65	0.0000	1.0000	1.0000	0.00447	0.0002	0.00033	0.1189
55	N/A	70	0.0000	1.0000	1.0000	0.00634	0.0002	0.00037	0.1189

California Highway Patrol (Female)

Probability of active members leaving due to:

Years ¹	Termination with Refund	Age ²	Termination with Vested Deferred Benefits 5 Years	Service Retirement		Non-Industrial Death	Non-Industrial Disability	Industrial Death	Industrial Disability
				10 Years ¹	25 Years ¹				
0	0.0115	15	0.0061	N/A	N/A	0.00006	0.0000	0.00000	0.0009
1	0.0111	20	0.0061	N/A	N/A	0.00009	0.0001	0.00003	0.0009
2	0.0108	25	0.0061	N/A	N/A	0.00014	0.0001	0.00007	0.0017
3	0.0104	30	0.0061	N/A	N/A	0.00021	0.0001	0.00010	0.0025
4	0.0101	35	0.0061	N/A	N/A	0.00031	0.0001	0.00013	0.0033
5	0.0036	40	0.0061	N/A	N/A	0.00046	0.0001	0.00017	0.0042
6	0.0034	45	0.0000	N/A	N/A	0.00068	0.0002	0.00020	0.0050
7	0.0032	50	0.0000	0.0044	0.0132	0.00102	0.0002	0.00023	0.0058
8	0.0030	55	0.0000	0.0280	0.0840	0.00151	0.0002	0.00027	0.1189
9	0.0028	56	0.0000	0.0271	0.0813	0.00164	0.0002	0.00027	0.1189
10	0.0026	57	0.0000	0.0299	0.0897	0.00178	0.0002	0.00028	0.1189
15	0.0017	58	0.0000	0.0229	0.0686	0.00192	0.0002	0.00029	0.1189
20	0.0010	59	0.0000	0.0453	0.1358	0.00208	0.0002	0.00029	0.1189
25	0.0005	60	0.0000	1.0000	1.0000	0.00226	0.0002	0.00030	0.1189
30	0.0003	61	0.0000	1.0000	1.0000	0.00244	0.0002	0.00031	0.1189
35	0.0003	62	0.0000	1.0000	1.0000	0.00265	0.0002	0.00031	0.1189
40	0.0003	63	0.0000	1.0000	1.0000	0.00287	0.0002	0.00032	0.1189
45	0.0003	64	0.0000	1.0000	1.0000	0.00310	0.0002	0.00033	0.1189
50	N/A	65	0.0000	1.0000	1.0000	0.00336	0.0002	0.00033	0.1189
55	N/A	70	0.0000	1.0000	1.0000	0.00500	0.0002	0.00037	0.1189

Notes:

¹ Years of service.

² The Termination with Vested Deferred Benefits age means Entry Age. For all other decrements, age means Attained Age.

Exhibit D – Sample Non-Economic Assumptions (continued)

School Employees (Male)

Probability of active members leaving due to:

Age ¹	Termination with Refund	Termination with Vested Deferred Benefits	Service Retirement		Non-Industrial Death	Non-Industrial Disability	Industrial Death	Industrial Disability
	5 Years ²	5 Years ²	10 Years ²	25 Years ²				
15	0.0383	0.0651	N/A	N/A	0.00013	0.0000	N/A	N/A
20	0.0347	0.0591	N/A	N/A	0.00019	0.0001	N/A	N/A
25	0.0311	0.0531	N/A	N/A	0.00027	0.0002	N/A	N/A
30	0.0276	0.0470	N/A	N/A	0.00038	0.0004	N/A	N/A
35	0.0240	0.0410	N/A	N/A	0.00054	0.0008	N/A	N/A
40	0.0205	0.0349	N/A	N/A	0.00077	0.0014	N/A	N/A
45	0.0169	0.0000	N/A	N/A	0.00110	0.0028	N/A	N/A
50	0.0134	0.0000	0.0071	0.0131	0.00156	0.0050	N/A	N/A
55	0.0098	0.0000	0.0384	0.0707	0.00221	0.0072	N/A	N/A
56	0.0091	0.0000	0.0314	0.0578	0.00237	0.0074	N/A	N/A
57	0.0084	0.0000	0.0337	0.0620	0.00255	0.0075	N/A	N/A
58	0.0077	0.0000	0.0402	0.0739	0.00273	0.0074	N/A	N/A
59	0.0070	0.0000	0.0457	0.0842	0.00293	0.0073	N/A	N/A
60	0.0063	0.0000	0.0729	0.1342	0.00314	0.0071	N/A	N/A
61	0.0056	0.0000	0.0721	0.1328	0.00337	0.0069	N/A	N/A
62	0.0049	0.0000	0.1512	0.2784	0.00362	0.0066	N/A	N/A
63	0.0041	0.0000	0.1363	0.2510	0.00388	0.0063	N/A	N/A
64	0.0034	0.0000	0.1060	0.1951	0.00416	0.0060	N/A	N/A
65	0.0027	0.0000	0.1797	0.3308	0.00447	0.0057	N/A	N/A
70	0.0004	0.0000	0.1308	0.2408	0.00634	0.0057	N/A	N/A

School Employees (Female)

Probability of active members leaving due to:

Age ¹	Termination with Refund	Termination with Vested Deferred Benefits	Service Retirement		Non-Industrial Death	Non-Industrial Disability	Industrial Death	Industrial Disability
	5 Years ²	5 Years ²	10 Years ²	25 Years ²				
15	0.0383	0.0651	N/A	N/A	0.00006	0.0000	N/A	N/A
20	0.0347	0.0591	N/A	N/A	0.00009	0.0001	N/A	N/A
25	0.0311	0.0531	N/A	N/A	0.00014	0.0001	N/A	N/A
30	0.0276	0.0470	N/A	N/A	0.00021	0.0003	N/A	N/A
35	0.0240	0.0410	N/A	N/A	0.00031	0.0005	N/A	N/A
40	0.0205	0.0349	N/A	N/A	0.00046	0.0010	N/A	N/A
45	0.0169	0.0000	N/A	N/A	0.00068	0.0016	N/A	N/A
50	0.0134	0.0000	0.0071	0.0131	0.00102	0.0030	N/A	N/A
55	0.0098	0.0000	0.0384	0.0707	0.00151	0.0047	N/A	N/A
56	0.0091	0.0000	0.0314	0.0578	0.00164	0.0047	N/A	N/A
57	0.0084	0.0000	0.0337	0.0620	0.00178	0.0047	N/A	N/A
58	0.0077	0.0000	0.0402	0.0739	0.00192	0.0044	N/A	N/A
59	0.0070	0.0000	0.0457	0.0842	0.00208	0.0041	N/A	N/A
60	0.0063	0.0000	0.0729	0.1342	0.00226	0.0037	N/A	N/A
61	0.0056	0.0000	0.0721	0.1328	0.00244	0.0034	N/A	N/A
62	0.0049	0.0000	0.1512	0.2784	0.00265	0.0031	N/A	N/A
63	0.0041	0.0000	0.1363	0.2510	0.00287	0.0027	N/A	N/A
64	0.0034	0.0000	0.1060	0.1951	0.00310	0.0024	N/A	N/A
65	0.0027	0.0000	0.1797	0.3308	0.00336	0.0020	N/A	N/A
70	0.0004	0.0000	0.1308	0.2408	0.00500	0.0020	N/A	N/A

Notes:

¹ The Termination with Refund and Termination with Vested Deferred Benefits age means Entry Age. For all other decrements, age means Attained Age.

² Years of service.

Exhibit D – Sample Non-Economic Assumptions (continued)

Public Agency Miscellaneous 2% at 60 (Male)

Probability of active members leaving due to:

Age ¹	Termination with Refund 5 Years ²	Termination with Vested Deferred Benefits 5 Years ²	Service Retirement		Non-Industrial Death	Non-Industrial Disability	Industrial Death	Industrial Disability
			10 Years ²	25 Years ²				
15	0.0309	0.0525	N/A	N/A	0.00013	0.0000	N/A	N/A
20	0.0283	0.0482	N/A	N/A	0.00019	0.0001	N/A	N/A
25	0.0257	0.0439	N/A	N/A	0.00027	0.0002	N/A	N/A
30	0.0232	0.0395	N/A	N/A	0.00038	0.0002	N/A	N/A
35	0.0206	0.0351	N/A	N/A	0.00054	0.0008	N/A	N/A
40	0.0181	0.0307	N/A	N/A	0.00077	0.0015	N/A	N/A
45	0.0155	0.0000	N/A	N/A	0.00110	0.0024	N/A	N/A
50	0.0129	0.0000	0.0120	0.0184	0.00156	0.0037	N/A	N/A
55	0.0104	0.0000	0.0279	0.0427	0.00221	0.0049	N/A	N/A
56	0.0099	0.0000	0.0254	0.0389	0.00237	0.0051	N/A	N/A
57	0.0093	0.0000	0.0292	0.0447	0.00255	0.0053	N/A	N/A
58	0.0088	0.0000	0.0368	0.0564	0.00273	0.0053	N/A	N/A
59	0.0083	0.0000	0.0471	0.0721	0.00293	0.0054	N/A	N/A
60	0.0078	0.0000	0.0865	0.1325	0.00314	0.0055	N/A	N/A
61	0.0073	0.0000	0.0883	0.1353	0.00337	0.0055	N/A	N/A
62	0.0068	0.0000	0.1767	0.2708	0.00362	0.0055	N/A	N/A
63	0.0063	0.0000	0.1775	0.2720	0.00388	0.0055	N/A	N/A
64	0.0058	0.0000	0.1366	0.2093	0.00416	0.0054	N/A	N/A
65	0.0052	0.0000	0.2432	0.3727	0.00447	0.0054	N/A	N/A
70	0.0027	0.0000	0.1694	0.2596	0.00634	0.0054	N/A	N/A

Public Agency Miscellaneous 2% at 60 (Female)

Probability of active members leaving due to:

Age ¹	Termination with Refund 5 Years ²	Termination with Vested Deferred Benefits 5 Years ²	Service Retirement		Non-Industrial Death	Non-Industrial Disability	Industrial Death	Industrial Disability
			10 Years ²	25 Years ²				
15	0.0309	0.0525	N/A	N/A	0.00006	0.0000	N/A	N/A
20	0.0283	0.0482	N/A	N/A	0.00009	0.0001	N/A	N/A
25	0.0257	0.0439	N/A	N/A	0.00014	0.0002	N/A	N/A
30	0.0232	0.0395	N/A	N/A	0.00021	0.0004	N/A	N/A
35	0.0206	0.0351	N/A	N/A	0.00031	0.0010	N/A	N/A
40	0.0181	0.0307	N/A	N/A	0.00046	0.0016	N/A	N/A
45	0.0155	0.0000	N/A	N/A	0.00068	0.0023	N/A	N/A
50	0.0129	0.0000	0.0120	0.0184	0.00102	0.0035	N/A	N/A
55	0.0104	0.0000	0.0279	0.0427	0.00151	0.0041	N/A	N/A
56	0.0099	0.0000	0.0254	0.0389	0.00164	0.0041	N/A	N/A
57	0.0093	0.0000	0.0292	0.0447	0.00178	0.0041	N/A	N/A
58	0.0088	0.0000	0.0368	0.0564	0.00192	0.0040	N/A	N/A
59	0.0083	0.0000	0.0471	0.0721	0.00208	0.0039	N/A	N/A
60	0.0078	0.0000	0.0865	0.1325	0.00226	0.0039	N/A	N/A
61	0.0073	0.0000	0.0883	0.1353	0.00244	0.0038	N/A	N/A
62	0.0068	0.0000	0.1767	0.2708	0.00265	0.0037	N/A	N/A
63	0.0063	0.0000	0.1775	0.2720	0.00287	0.0036	N/A	N/A
64	0.0058	0.0000	0.1366	0.2093	0.00310	0.0035	N/A	N/A
65	0.0052	0.0000	0.2432	0.3727	0.00336	0.0033	N/A	N/A
70	0.0027	0.0000	0.1694	0.2596	0.00500	0.0033	N/A	N/A

Notes:

¹ The Termination with Refund and Termination with Vested Deferred Benefits age means Entry Age. For all other decrements, age means Attained Age.

² Years of service.

Exhibit D – Sample Non-Economic Assumptions (continued)

Public Agency Police 2% at 50 (Male)

Probability of active members leaving due to:

Years ¹	Termination with Refund	Age ²	Termination with Vested Deferred Benefits 5 Years	Service Retirement		Non-Industrial Death	Non-Industrial Disability	Industrial Death	Industrial Disability
				10 Years ¹	25 Years ¹				
0	0.1299	15	0.0187	N/A	N/A	0.00013	0.0000	0.00000	0.0006
1	0.0816	20	0.0187	N/A	N/A	0.00019	0.0001	0.00003	0.0006
2	0.0348	25	0.0187	N/A	N/A	0.00027	0.0001	0.00007	0.0028
3	0.0331	30	0.0187	N/A	N/A	0.00038	0.0002	0.00010	0.0056
4	0.0314	35	0.0187	N/A	N/A	0.00054	0.0003	0.00013	0.0084
5	0.0110	40	0.0187	N/A	N/A	0.00077	0.0004	0.00017	0.0112
6	0.0101	45	0.0000	N/A	N/A	0.00110	0.0005	0.00020	0.0140
7	0.0092	50	0.0000	0.0138	0.0253	0.00156	0.0008	0.00023	0.0167
8	0.0084	55	0.0000	0.0899	0.1645	0.00221	0.0013	0.00027	0.0581
9	0.0076	56	0.0000	0.0638	0.1166	0.00237	0.0015	0.00027	0.0581
10	0.0068	57	0.0000	0.0711	0.1300	0.00255	0.0016	0.00028	0.0581
15	0.0035	58	0.0000	0.0628	0.1149	0.00273	0.0018	0.00029	0.0581
20	0.0022	59	0.0000	0.1396	0.1735	0.00293	0.0020	0.00029	0.0581
25	0.0015	60	0.0000	0.1396	0.1719	0.00314	0.0020	0.00030	0.0581
30	0.0012	61	0.0000	0.1396	0.1719	0.00337	0.0020	0.00031	0.0581
35	0.0012	62	0.0000	0.1396	0.1719	0.00362	0.0020	0.00031	0.0581
40	0.0012	63	0.0000	0.1396	0.1719	0.00388	0.0020	0.00032	0.0581
45	0.0012	64	0.0000	0.1396	0.1719	0.00416	0.0020	0.00033	0.0581
50	N/A	65	0.0000	1.0000	1.0000	0.00447	0.0020	0.00033	0.0581
55	N/A	70	0.0000	1.0000	1.0000	0.00634	0.0020	0.00037	0.0581

Public Agency Police 2% at 50 (Female)

Probability of active members leaving due to:

Years ¹	Termination with Refund	Age ²	Termination with Vested Deferred Benefits 5 Years	Service Retirement		Non-Industrial Death	Non-Industrial Disability	Industrial Death	Industrial Disability
				10 Years ¹	25 Years ¹				
0	0.1299	15	0.0187	N/A	N/A	0.0006	0.0000	0.00000	0.0006
1	0.0816	20	0.0187	N/A	N/A	0.00009	0.0001	0.00003	0.0006
2	0.0348	25	0.0187	N/A	N/A	0.00014	0.0001	0.00007	0.0028
3	0.0331	30	0.0187	N/A	N/A	0.00021	0.0002	0.00010	0.0056
4	0.0314	35	0.0187	N/A	N/A	0.00031	0.0003	0.00013	0.0084
5	0.0110	40	0.0187	N/A	N/A	0.00046	0.0004	0.00017	0.0112
6	0.0101	45	0.0000	N/A	N/A	0.00068	0.0005	0.00020	0.0140
7	0.0092	50	0.0000	0.0138	0.0253	0.00102	0.0008	0.00023	0.0167
8	0.0084	55	0.0000	0.0899	0.1645	0.00151	0.0013	0.00027	0.0581
9	0.0076	56	0.0000	0.0638	0.1166	0.00164	0.0015	0.00027	0.0581
10	0.0068	57	0.0000	0.0711	0.1300	0.00178	0.0016	0.00028	0.0581
15	0.0035	58	0.0000	0.0628	0.1149	0.00192	0.0018	0.00029	0.0581
20	0.0022	59	0.0000	0.1396	0.1735	0.00208	0.0020	0.00029	0.0581
25	0.0015	60	0.0000	0.1396	0.1719	0.00226	0.0020	0.00030	0.0581
30	0.0012	61	0.0000	0.1396	0.1719	0.00244	0.0020	0.00031	0.0581
35	0.0012	62	0.0000	0.1396	0.1719	0.00265	0.0020	0.00031	0.0581
40	0.0012	63	0.0000	0.1396	0.1719	0.00287	0.0020	0.00032	0.0581
45	0.0012	64	0.0000	0.1396	0.1719	0.00310	0.0020	0.00033	0.0581
50	N/A	65	0.0000	1.0000	1.0000	0.00336	0.0020	0.00033	0.0581
55	N/A	70	0.0000	1.0000	1.0000	0.00500	0.0020	0.00037	0.0581

Notes:

¹ Years of service.

² The Termination with Vested Deferred Benefits age means Entry Age. For all other decrements, age means Attained Age.

Exhibit D – Sample Non-Economic Assumptions (continued)

Public Agency Fire 2% at 50 (Male)

Probability of active members leaving due to:

Years ¹	Termination with Refund	Age ²	Termination with Vested Deferred Benefits 5 Years	Service Retirement		Non-Industrial Death	Non-Industrial Disability	Industrial Death	Industrial Disability
				10 Years ¹	25 Years ¹				
0	0.0947	15	0.0162	N/A	N/A	0.00013	0.00000	0.00000	0.0002
1	0.0739	20	0.0162	N/A	N/A	0.00019	0.00001	0.00003	0.0002
2	0.0531	25	0.0162	N/A	N/A	0.00027	0.00001	0.00007	0.0010
3	0.0323	30	0.0162	N/A	N/A	0.00038	0.00001	0.00010	0.0021
4	0.0290	35	0.0162	N/A	N/A	0.00054	0.00001	0.00013	0.0031
5	0.0095	40	0.0162	N/A	N/A	0.00077	0.00001	0.00017	0.0041
6	0.0080	45	0.0000	N/A	N/A	0.00110	0.00002	0.00020	0.0051
7	0.0066	50	0.0000	0.0065	0.0101	0.00156	0.00005	0.00023	0.0062
8	0.0053	55	0.0000	0.0868	0.1336	0.00221	0.00010	0.00027	0.0601
9	0.0041	56	0.0000	0.0779	0.1200	0.00237	0.00011	0.00027	0.0601
10	0.0029	57	0.0000	0.0901	0.1387	0.00255	0.00013	0.00028	0.0601
15	0.0021	58	0.0000	0.0790	0.1217	0.00273	0.00015	0.00029	0.0601
20	0.0016	59	0.0000	0.0729	0.1123	0.00293	0.00015	0.00029	0.0601
25	0.0010	60	0.0000	0.1135	0.1747	0.00314	0.00015	0.00030	0.0601
30	0.0009	61	0.0000	0.1136	0.1749	0.00337	0.00015	0.00031	0.0601
35	0.0009	62	0.0000	0.1136	0.1749	0.00362	0.00015	0.00031	0.0601
40	0.0009	63	0.0000	0.1136	0.1749	0.00388	0.00015	0.00032	0.0601
45	0.0009	64	0.0000	0.1136	0.1749	0.00416	0.00015	0.00033	0.0601
50	N/A	65	0.0000	1.0000	1.0000	0.00447	0.00015	0.00033	0.0601
55	N/A	70	0.0000	1.0000	1.0000	0.00634	0.00015	0.00037	0.0601

Public Agency Fire 2% at 50 (Female)

Probability of active members leaving due to:

Years ¹	Termination with Refund	Age ²	Termination with Vested Deferred Benefits 5 Years	Service Retirement		Non-Industrial Death	Non-Industrial Disability	Industrial Death	Industrial Disability
				10 Years ¹	25 Years ¹				
0	0.0947	15	0.0162	N/A	N/A	0.00006	0.00000	0.00000	0.0002
1	0.0739	20	0.0162	N/A	N/A	0.00009	0.00001	0.00003	0.0002
2	0.0531	25	0.0162	N/A	N/A	0.00014	0.00001	0.00007	0.0010
3	0.0323	30	0.0162	N/A	N/A	0.00021	0.00001	0.00010	0.0021
4	0.0290	35	0.0162	N/A	N/A	0.00031	0.00001	0.00013	0.0031
5	0.0095	40	0.0162	N/A	N/A	0.00046	0.00001	0.00017	0.0041
6	0.0080	45	0.0000	N/A	N/A	0.00068	0.00002	0.00020	0.0051
7	0.0066	50	0.0000	0.0065	0.0101	0.00102	0.00005	0.00023	0.0062
8	0.0053	55	0.0000	0.0868	0.1336	0.00151	0.00010	0.00027	0.0601
9	0.0041	56	0.0000	0.0779	0.1200	0.00164	0.00011	0.00027	0.0601
10	0.0029	57	0.0000	0.0901	0.1387	0.00178	0.00013	0.00028	0.0601
15	0.0021	58	0.0000	0.0790	0.1217	0.00192	0.00015	0.00029	0.0601
20	0.0016	59	0.0000	0.0729	0.1123	0.00208	0.00015	0.00029	0.0601
25	0.0010	60	0.0000	0.1135	0.1747	0.00226	0.00015	0.00030	0.0601
30	0.0009	61	0.0000	0.1136	0.1749	0.00244	0.00015	0.00031	0.0601
35	0.0009	62	0.0000	0.1136	0.1749	0.00265	0.00015	0.00031	0.0601
40	0.0009	63	0.0000	0.1136	0.1749	0.00287	0.00015	0.00032	0.0601
45	0.0009	64	0.0000	0.1136	0.1749	0.00310	0.00015	0.00033	0.0601
50	N/A	65	0.0000	1.0000	1.0000	0.00336	0.00015	0.00033	0.0601
55	N/A	70	0.0000	1.0000	1.0000	0.00500	0.00015	0.00037	0.0601

Notes:

¹ Years of service.

² The Termination with Vested Deferred Benefits age means Entry Age. For all other decrements, age means Attained Age.

Exhibit E – Single Life Retirement Values

Present Value of \$1 Monthly Increasing 2 Percent Annually After Two-Year Waiting Period

Interest Rate of 7.75 Percent

Sample Attained Ages	Service Retirement		Non-Industrial Disability Retirement		Industrial Disability Retirement	
	Male	Female	Male	Female	Male	Female
50	165.521	174.244	135.257	148.232	156.682	166.398
51	163.311	172.352	132.953	146.352	154.435	164.484
52	161.021	170.384	130.637	144.446	152.085	162.506
53	158.664	168.337	128.319	142.512	149.611	160.464
54	156.230	166.208	126.006	140.549	146.993	158.356
55	153.703	164.000	123.703	138.553	144.226	156.181
56	151.085	161.713	121.416	136.518	141.307	153.938
57	148.364	159.337	119.141	134.443	138.256	151.619
58	145.535	156.891	116.876	132.324	135.100	149.237
59	142.621	154.371	114.613	130.160	131.863	146.791
60	139.644	151.743	112.340	127.948	128.556	144.253
61	136.587	149.026	110.048	125.686	125.179	141.636
62	133.534	146.224	107.726	123.367	121.743	138.943
63	130.430	143.324	105.363	120.987	118.253	136.163
64	127.215	140.356	102.950	118.538	114.716	133.314
65	123.939	137.321	100.479	116.014	111.144	130.397
70	106.509	121.097	87.219	102.144	93.361	114.726
75	88.409	102.761	72.937	86.467	76.557	97.060
80	70.189	82.996	58.900	70.227	61.616	78.251
85	53.609	63.697	45.752	54.499	47.825	59.984
90	39.105	46.331	34.182	40.363	35.636	43.609
95	29.196	32.701	24.408	28.311	25.324	30.547
100	21.418	22.847	16.466	18.558	16.958	20.932

Exhibit F – History of Member Salary Data

Valuation Date	Number of Active Members	Annual Covered Payroll (in millions)	Average Annual Salary	% Increase In Average Pay
6/30/94	618,910	\$19,919	\$32,184	3.2%
6/30/95	619,695	23,559	38,017	18.1
6/30/96	631,166	22,876	36,245	(4.6)
6/30/97	584,735	21,712	37,131	2.4
6/30/98	620,643	22,174	35,727	(3.8)
6/30/99	668,700	25,324	37,870	6.0
6/30/00	707,585	28,098	39,709	4.9
6/30/01	738,959	30,802	41,683	5.0
6/30/02	766,824	32,873	42,869	2.8
6/30/03	778,203	34,784	44,697	4.3

Exhibit G – Members in Valuation

By Attained Age & Years of Service – June 30, 2003

State Miscellaneous First Tier (Male & Female)

Attained Age	Years of Service at Valuation Date						Total	Total Valuation Payroll
	0-4	5-9	10-14	15-19	20-29	30 & Up		
15-24	2,935	2	0	0	0	0	2,937	\$72,690,714
25-29	8,128	513	4	0	0	0	8,645	304,345,202
30-34	10,110	2,453	722	7	0	0	13,292	555,703,230
35-39	9,479	3,249	3,617	969	15	0	17,329	808,317,018
40-44	9,569	3,631	4,975	3,898	1,685	0	23,758	1,167,860,147
45-49	8,499	3,420	5,127	4,805	6,483	81	28,415	1,459,306,906
50-54	6,729	3,048	4,870	4,626	8,574	1,643	29,490	1,594,438,913
55-59	4,268	2,197	3,250	3,292	6,269	3,140	22,416	1,263,455,073
60-64	1,864	984	1,560	1,461	2,393	1,834	10,096	574,209,187
65 & Up	789	444	581	466	656	505	3,441	190,139,998
Total	62,370	19,941	24,706	19,524	26,075	7,203	159,819	\$7,990,466,388

State Miscellaneous Second Tier (Male & Female)

Attained Age	Years of Service at Valuation Date						Total	Total Valuation Payroll
	0-4	5-9	10-14	15-19	20-29	30 & Up		
15-24	109	8	0	0	0	0	117	\$3,006,813
25-29	658	265	0	0	0	0	923	32,729,346
30-34	791	903	298	1	0	0	1,993	78,640,146
35-39	684	978	799	127	2	0	2,590	107,280,057
40-44	591	893	833	307	132	0	2,756	118,613,140
45-49	511	741	680	329	396	6	2,663	114,775,330
50-54	350	495	499	242	402	102	2,090	93,644,774
55-59	274	310	297	142	209	127	1,359	60,377,771
60-64	128	140	132	55	56	78	589	26,149,878
65 & Up	79	72	58	24	15	26	274	11,283,925
Total	4,175	4,805	3,596	1,227	1,212	339	15,354	\$646,501,180

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

Exhibit G – Members in Valuation (continued)

By Attained Age & Years of Service – June 30, 2003

State Industrial First & Second Tier (Male & Female)

Attained Age	Years of Service at Valuation Date						Total	Total Valuation Payroll
	0-4	5-9	10-14	15-19	20-29	30 & Up		
15-24	216	1	0	0	0	0	217	\$5,428,297
25-29	461	79	0	0	0	0	540	16,168,468
30-34	650	273	59	0	0	0	982	32,690,379
35-39	642	339	170	40	1	0	1,192	44,236,306
40-44	605	454	259	122	35	0	1,475	58,241,247
45-49	573	459	277	182	77	1	1,569	65,328,125
50-54	471	378	257	189	92	11	1,398	60,522,441
55-59	301	288	204	132	69	20	1,014	44,875,041
60-64	93	133	95	65	25	7	418	19,218,426
65 & Up	50	77	38	16	11	6	198	10,969,239
Total	4,062	2,481	1,359	746	310	45	9,003	\$357,677,969

State Safety (Male & Female)

Attained Age	Years of Service at Valuation Date						Total	Total Valuation Payroll
	0-4	5-9	10-14	15-19	20-29	30 & Up		
15-24	164	0	0	0	0	0	164	\$4,992,519
25-29	451	36	0	0	0	0	487	17,321,827
30-34	734	225	14	0	0	0	973	41,878,812
35-39	834	459	107	7	0	0	1,407	65,343,020
40-44	988	728	298	99	6	0	2,119	106,264,798
45-49	1,161	1,043	472	216	59	0	2,951	157,244,668
50-54	1,119	1,045	546	281	136	6	3,133	174,508,890
55-59	783	817	452	260	110	8	2,430	144,585,658
60-64	367	421	221	131	49	7	1,196	75,778,560
65 & Up	204	227	115	56	23	1	626	47,558,310
Total	6,805	5,001	2,225	1,050	383	22	15,486	\$835,477,062

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

Exhibit G – Members in Valuation (continued)

By Attained Age & Years of Service – June 30, 2003

California Highway Patrol (Male & Female)

Attained Age	Years of Service at Valuation Date						Total	Total Valuation Payroll
	0-4	5-9	10-14	15-19	20-29	30 & Up		
15-24	131	0	0	0	0	0	131	\$6,552,924
25-29	804	103	1	0	0	0	908	48,695,435
30-34	806	735	55	0	0	0	1,596	92,033,311
35-39	175	519	447	193	0	0	1,334	82,583,453
40-44	2	132	343	497	255	0	1,229	81,593,532
45-49	0	49	74	273	660	0	1,056	72,828,930
50-54	0	40	7	61	449	60	617	43,983,264
55-59	1	15	1	7	135	74	233	17,126,193
60-64	0	2	0	0	7	3	12	858,258
65 & Up	0	0	0	0	0	0	0	0
Total	1,919	1,595	928	1,031	1,506	137	7,116	\$446,255,300

State Peace Officer/Firefighter

Attained Age	Years of Service at Valuation Date						Total	Total Valuation Payroll
	0-4	5-9	10-14	15-19	20-29	30 & Up		
15-24	1,906	0	0	0	0	0	1,906	\$52,242,879
25-29	4,204	421	0	0	0	0	4,625	184,427,177
30-34	3,283	3,050	267	0	0	0	6,600	323,144,637
35-39	2,100	2,728	1,720	622	1	0	7,171	383,588,574
40-44	1,396	2,009	1,920	2,492	329	0	8,146	465,498,235
45-49	824	1,362	1,215	2,005	1,262	6	6,674	404,724,644
50-54	504	857	844	1,361	1,424	179	5,169	328,243,795
55-59	230	393	522	708	571	68	2,492	157,715,685
60-64	62	125	172	227	88	23	697	42,990,674
65 & Up	11	24	42	42	21	4	144	8,850,312
Total	14,520	10,969	6,702	7,457	3,696	280	43,624	\$2,351,426,612

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

Exhibit G – Members in Valuation (continued)

By Attained Age & Years of Service – June 30, 2003

School Employees (Male & Female)

Attained Age	Years of Service at Valuation Date						Total	Total Valuation Payroll
	0-4	5-9	10-14	15-19	20-29	30 & Up		
15-24	9,917	1	0	0	0	0	9,918	\$188,184,426
25-29	18,369	101	1	0	0	0	18,471	453,894,896
30-34	21,396	215	33	2	0	0	21,646	611,210,827
35-39	27,313	250	103	24	1	0	27,691	823,495,796
40-44	42,050	299	157	79	32	0	42,617	1,267,222,939
45-49	47,265	366	218	145	152	0	48,146	1,516,202,662
50-54	46,539	342	250	172	171	8	47,482	1,587,267,624
55-59	35,231	263	219	153	174	15	36,055	1,247,767,674
60-64	17,633	120	86	69	98	25	18,031	605,152,770
65 & Up	7,412	44	38	31	29	33	7,587	216,142,816
Total	273,125	2,001	1,105	675	657	81	277,644	\$8,516,542,430

Public Agency Miscellaneous (Male & Female)

Attained Age	Years of Service at Valuation Date						Total	Total Valuation Payroll
	0-4	5-9	10-14	15-19	20-29	30 & Up		
15-24	6,448	30	0	0	0	0	6,478	\$167,277,131
25-29	12,618	1,385	10	0	0	0	14,013	522,751,885
30-34	13,870	4,555	1,034	33	0	0	19,492	858,118,454
35-39	12,761	5,670	3,997	1,280	25	0	23,733	1,152,609,745
40-44	13,628	6,619	6,112	3,970	1,338	0	31,667	1,621,026,182
45-49	11,847	6,450	6,583	5,155	4,417	40	34,492	1,893,965,949
50-54	9,714	5,641	5,933	4,815	6,217	797	33,117	1,859,958,441
55-59	6,230	4,031	4,246	3,558	4,672	1,479	24,216	1,381,121,366
60-64	2,480	1,849	1,875	1,568	1,856	682	10,310	559,013,527
65 & Up	1,144	726	731	534	596	202	3,933	177,359,845
Total	90,740	36,956	30,521	20,913	19,121	3,200	201,451	\$10,163,152,527

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

Exhibit G – Members in Valuation (continued)

By Attained Age & Years of Service – June 30, 2003

Public Agency Safety (Male & Female)

Attained Age	Years of Service at Valuation Date						Total	Total Valuation Payroll
	0-4	5-9	10-14	15-19	20-29	30 & Up		
15-24	1,243	0	0	0	0	0	1,243	\$57,406,023
25-29	4,999	532	0	0	0	0	5,531	306,699,869
30-34	5,406	3,199	504	2	0	0	9,111	581,428,759
35-39	2,642	2,767	2,953	854	1	0	9,217	647,918,502
40-44	1,284	1,386	2,450	2,739	804	0	8,663	660,668,362
45-49	734	682	1,119	1,770	3,230	3	7,538	611,808,258
50-54	366	339	482	726	2,723	225	4,861	404,595,939
55-59	175	152	237	235	889	351	2,039	167,044,202
60-64	56	56	48	49	120	89	418	32,602,320
65 & Up	10	14	15	15	16	15	85	5,899,877
Total	16,915	9,127	7,808	6,390	7,783	683	48,706	\$3,476,072,111

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

Exhibit H — Schedule of Retirees and Beneficiaries Added to and Removed from Rolls

Year Ended	Added to Rolls		Removed from Rolls		Rolls - End of Year		% Increase in Annual Allowances	Average Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
PERF								
6/30/03	26,901	\$777,170,000	13,892	\$183,532,000	396,151	\$7,232,218,000	8.9%	\$18,256
JRF								
6/30/03	103	\$10,266,000	53	\$4,054,000	1,523	\$116,242,000	5.6%	\$76,325
LRF								
6/30/03	11	\$608,000	10	\$199,000	264	\$7,076,000	6.1%	\$26,804

Note:

These total counts and allowances are for service, disability, and industrial retirement, special death, 1957 Survivor, Pre-Retirement Option 2, and 1959 Survivor beneficiaries, and non-members. This information was reviewed by the CalPERS Actuarial staff and appears to be reasonable.

Actuarial Certifications — Other Systems

Judges' Retirement System

April 2004

Actuarial Certification

As authorized by the CalPERS Board of Administration, we perform an annual actuarial valuation of the Judges' Retirement System; the latest such valuation is as of June 30, 2003.

To the best of our knowledge, this report is complete and accurate and contains sufficient information to fully and fairly disclose the actuarial funded condition of the Judges' Retirement System, as of June 30, 2003. Based on the employee data provided by the CalPERS Judges', Legislators', and Volunteer Firefighters' Office, the statement of assets provided by the CalPERS Fiscal Services Division, and the benefits as outlined in Appendix B, it is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles and that the assumptions and methods, as prescribed by the CalPERS Board of Administration, are reasonable for the System.

Further, information has been provided by us for the completion of (i) the trend data schedules (Required Schedule of Funding Progress and Schedule of Employer Contributions) in the Financial Section, and (ii) Exhibits A through H in the Actuarial Section of the CAFR.



Gale D. Patrick, F.S.A., M.A.A.A.
Enrolled Actuary
Senior Pension Actuary, CalPERS



Ron Seeling, Ph.D., F.C.A., A.S.A., M.A.A.A.
Enrolled Actuary
Chief Actuary, CalPERS

Judges' Retirement System II

April 2004

Actuarial Certification

As authorized by the CalPERS Board of Administration, we perform an annual actuarial valuation of the Judges' Retirement System II; the latest such valuation is as of June 30, 2003.

To the best of our knowledge, this report is complete and accurate and contains sufficient information to fully and fairly disclose the actuarial funded condition of the Judges' Retirement System II, as of June 30, 2003. Based on the employee data provided by the Judges' Retirement System administrative staff at CalPERS, the statement of assets provided by the CalPERS Fiscal Services Division, and the benefits as outlined in Appendix B, it is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles and that the assumptions and methods are reasonable for this plan.

Further, information has been provided by us for the completion of (i) the trend data schedules (Required Schedule of Funding Progress and Schedule of Employer Contributions) in the Financial Section, and (ii) Exhibits A through H in the Actuarial Section of the CAFR.



Nancy E. Campbell, A.S.A., M.A.A.A.
Enrolled Actuary
Senior Pension Actuary, CalPERS



Ron Seeling, Ph.D., F.C.A., A.S.A., M.A.A.A.
Enrolled Actuary
Chief Actuary, CalPERS

Actuarial Certifications — Other Systems

Legislators' Retirement System

April 2004

Actuarial Certification

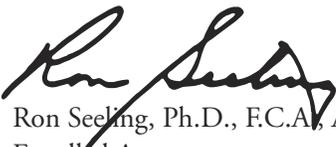
As authorized by the CalPERS Board of Administration, we perform an annual actuarial valuation of the Legislators' Retirement System; the latest such valuation is as of June 30, 2003.

To the best of our knowledge, this report is complete and accurate and contains sufficient information to fully and fairly disclose the actuarial funded condition of the Legislators' Retirement System. Based on the employee data provided by the CalPERS Judges', Legislators', and Volunteer Firefighters' Office, the statement of assets provided by the CalPERS Fiscal Services Division, and the benefits plans as outlined in Appendix B, it is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles and that the assumptions and methods are reasonable for the System.

Further, information has been provided by us for the completion of (i) the trend data schedules (Required Schedule of Funding Progress and Schedule of Employer Contributions) in the Financial Section, and (ii) Exhibits A through H in the Actuarial Section of the CAFR.



David Clement, A.S.A., E.A., M.A.A.A.
Associate Pension Actuary, CalPERS



Ron Seeling, Ph.D., F.C.A., A.S.A., M.A.A.A.
Enrolled Actuary
Chief Actuary, CalPERS

Volunteer Firefighters' Length of Service Award System

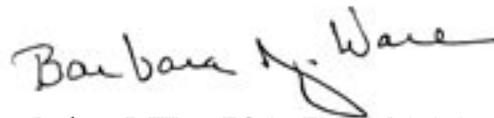
May 2004

Actuarial Certification

As authorized by the CalPERS Board of Administration, we perform an annual actuarial valuation of the Volunteer Firefighters' Length of Service Award System; the latest such valuation is as of June 30, 2003.

To the best of our knowledge, this report is complete and accurate and contains sufficient information to disclose fully and fairly the funded condition of the Volunteer Firefighters' Length of Service Award System (VFLSAS). Based on the participant and expense data provided by the Manager of the Volunteer Firefighters' System, the statement of assets provided by the CalPERS Fiscal Services Division, and the provisions of the system as outlined in Exhibit 7, it is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles and that the assumptions and methods are reasonable for this plan.

Further, information has been provided by us for the completion of (i) the trend data schedules (Required Schedule of Funding Progress and Schedule of Employer Contributions) in the Financial Section, and (ii) Exhibits A through H in the Actuarial Section of the CAFR.



Barbara J. Ware, F.S.A., E.A., M.A.A.A.
Senior Pension Actuary, CalPERS



Ron Seeling, Ph.D., F.C.A., A.S.A., M.A.A.A.
Enrolled Actuary
Chief Actuary, CalPERS

The actuarial report and supporting documents for the Judges' Retirement System, Judges' Retirement System II, Legislators' Retirement System, and the Volunteer Firefighters' Length of Service Award System can be obtained through the CalPERS Actuarial and Employer Services Division, P.O. Box 942709, Sacramento, CA 94229-2709.

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CalPERS Program Data (continued)

Expenses by Type — 10-Year Review

	Benefit Payments	Contribution Refunds	Administrative Expenses ¹	Total
PERF				
2003/04	\$7,639,085,017	\$151,526,342	\$188,361,466	\$7,978,972,825
2002/03	6,991,913,800	114,024,930	214,274,159	7,320,212,889
2001/02	6,431,019,116	103,385,701	208,687,613	6,743,092,430
2000/01	5,792,948,968	128,865,380	183,865,981	6,105,680,329
1999/00	5,176,073,695	140,644,318	175,050,565	5,491,768,578
1998/99	4,776,869,300	160,841,290	145,814,177	5,083,524,767
1997/98	4,425,923,411	160,964,495	128,583,553	4,715,471,459
1996/97	4,097,295,852	153,688,959	108,257,064	4,359,241,875
1995/96	3,846,390,136	138,296,520	80,682,335	4,065,368,991
1994/95	3,557,486,924	130,668,331	67,697,488	3,755,852,743
LRF				
2003/04	\$7,051,153	\$214,184	\$280,835	\$7,546,172
2002/03	6,851,580	247,755	220,020	7,319,355
2001/02	6,716,646	—	244,854	6,961,500
2000/01	6,782,467	169,520	234,926	7,186,913
1999/00	6,630,188	163,535	206,000	6,999,723
1998/99	6,855,856	175,155	203,580	7,234,591
1997/98	6,280,344	49,569	203,601	6,533,514
1996/97	6,010,347	479,747	255,234	6,745,328
1995/96	5,585,022	71,818	224,931	5,881,771
1994/95	5,380,690	279,193	156,098	5,815,981
JRF				
2003/04	\$121,603,708	\$238,097	\$719,312	\$122,561,117
2002/03	113,937,606	82,530	506,224	114,526,360
2001/02	109,543,399	—	391,760	109,935,159
2000/01	99,423,624	—	379,818	99,803,442
1999/00	90,170,743	—	360,000	90,530,743
1998/99	82,503,531	49,456	354,000	82,906,987
1997/98	77,203,643	64,610	355,600	77,623,853
1996/97	74,445,877	641,840	354,000	75,441,717
1995/96	71,665,985	29,422	297,699	71,993,106
1994/95	68,248,989	467,920	239,443	68,956,352

Note:

¹ Excludes investment advisor fees.

CalPERS Program Data (continued)

Expenses by Type — 10-Year Review

	Benefit Payments	Contribution Refunds	Administrative Expenses ¹	Total
JRF II				
2003/04	\$584,375	\$203,219	\$414,258	\$1,201,852
2002/03	307,365	891,986	320,226	1,519,577
2001/02	117,545	91,536	289,622	498,703
2000/01	142,234	34,369	283,767	460,370
1999/00	225,607	22,198	175,213	423,018
1998/99	192,697	—	172,000	364,697
1997/98	205,880	—	—	205,880
1996/97	18,736	—	—	18,736
1995/96	—	—	—	—
1994/95	—	—	—	—
VFF				
2003/04	\$58,630	\$ —	\$168,997	\$227,627
2002/03	76,883	—	116,379	193,262
2001/02	66,413	—	78,592	145,005
2000/01	55,785	—	76,218	132,003
1999/00	41,438	—	75,000	116,438
1998/99	27,015	—	10,000	37,015
1997/98	26,445	—	10,000	36,445
1996/97	11,903	—	9,990	21,893
1995/96	12,215	—	10,000	22,215
1994/95	12,380	—	962	13,342
SPOFF				
2003/04	\$4,350,947	\$ —	\$ —	\$4,350,947
2002/03	4,084,127	—	—	4,084,127
2001/02	3,361,147	—	—	3,361,147
2000/01	1,879,169	—	—	1,879,169
1999/00	—	—	—	—
1998/99	—	—	—	—

Note:

¹ Excludes investment advisor fees.

CalPERS Program Data (continued)

Income by Source — 10-Year Review

	Member Contributions	Employer Contributions	Investment Income	Miscellaneous Income	Total
PERF					
2003/04	\$2,266,445,429	\$4,261,347,422	\$24,265,850,297	\$6,722,984	\$30,800,366,132
2002/03	1,887,925,497	1,925,043,858	5,474,083,608	8,647,960	9,295,700,923
2001/02	2,154,742,532	800,964,553	(9,704,478,936)	4,686,138	(6,744,085,713)
2000/01	1,766,256,113	321,618,826	(12,255,822,322)	7,480,923	(10,160,466,460)
1999/00	1,751,290,172	362,614,344	16,579,088,181	3,569,729	18,696,562,426
1998/99	1,522,507,527	1,598,316,666	17,621,490,197	1,036,725	20,743,351,115
1997/98	1,443,232,566	2,289,526,403	23,515,372,967	3,531,902	27,251,663,838
1996/97	1,379,743,571	1,986,282,287	20,147,569,883	308,296,547	23,821,892,288
1995/96	1,338,044,978	1,850,103,438	13,135,454,838	1,747,245	16,325,350,499
1994/95	1,290,624,208	1,578,933,781	12,502,185,919	2,342,343	15,374,086,251
LRF					
2003/04	\$55,639	\$ —	\$11,094,703	\$ —	\$11,150,342
2002/03	21,946	—	10,274,104	—	10,296,050
2001/02	14,161	—	(3,781,146)	—	(3,766,985)
2000/01	33,461	—	280,786	—	314,247
1999/00	178,860	339,351	9,788,721	—	10,306,932
1998/99	290,360	661,086	14,141,442	—	15,092,888
1997/98	312,546	674,777	22,924,284	58,708	23,970,315
1996/97	303,190	2,470,417	19,181,419	—	21,955,026
1995/96	422,381	575,032	13,299,421	—	14,296,534
1994/95	419,026	576,036	13,885,208	—	14,880,270
JRF					
2003/04	\$11,262,935	\$107,317,942	\$58,874	\$4,020,398	\$122,660,149
2002/03	11,109,214	98,584,637	11,722	4,337,501	114,043,074
2001/02	11,713,777	65,319,883	1,002,742	4,521,326	82,557,728
2000/01	11,377,068	91,019,008	3,754,582	4,509,380	110,660,038
1999/00	11,251,836	74,079,308	2,513,315	4,354,631	92,199,090
1998/99	11,098,731	84,352,990	1,776,583	4,121,354	101,349,658
1997/98	11,189,380	56,215,389	995,548	4,484,772	72,885,089
1996/97	11,837,184	56,361,102	1,266,708	—	69,464,994
1995/96	12,754,764	60,933,334	1,561,546	—	75,249,644
1994/95	12,389,358	49,725,805	1,274,102	—	63,389,265

CalPERS Program Data (continued)

Income by Source — 10-Year Review

	Member Contributions	Employer Contributions	Investment Income	Miscellaneous Income	Total
JRF II					
2003/04	\$8,131,412	\$18,239,777	\$13,431,593	\$ —	\$39,802,782
2002/03	6,717,482	15,322,632	4,803,138	—	26,843,252
2001/02	5,290,599	12,487,052	(3,870,979)	—	13,906,672
2000/01	4,196,862	9,754,298	(2,863,230)	—	11,087,930
1999/00	3,209,544	7,460,518	2,734,601	—	13,404,663
1998/99	2,733,245	7,354,353	2,393,724	—	12,481,322
1997/98	1,948,588	5,455,217	1,803,800	—	9,207,605
1996/97	1,197,298	3,026,029	649,854	—	4,873,180
1995/96	626,033	1,507,116	15,247	—	2,148,396
1994/95	71,475	167,999	—	—	239,474
VFF					
2003/04	\$ —	\$223,225	\$251,913	\$ —	\$475,138
2002/03	—	497,076	106,257	—	603,333
2001/02	—	93,889	(200,067)	—	(106,178)
2000/01	—	193,530	(110,985)	—	82,545
1999/00	—	202,395	130,123	—	332,518
1998/99	—	50,916	257,919	—	308,835
1997/98	—	166,708	323,592	—	490,300
1996/97	—	162,880	244,392	—	407,272
1995/96	—	54,844	129,586	—	184,430
1994/95	—	58,515	117,289	—	175,804
SPOFF					
2003/04	\$ —	\$40,894,189	\$17,971,153	\$ —	\$58,865,342
2002/03	—	35,047,115	5,069,041	—	40,116,156
2001/02	—	34,171,776	(7,286,207)	—	26,885,569
2000/01	—	33,236,879	(4,457,441)	—	28,779,438
1999/00	—	30,011,229	2,205,566	—	32,216,795
1998/99	—	15,518,376	529,477	—	16,047,853

CalPERS Program Data (continued)

Primary Benefits

Benefits are paid according to the category of employment and the type of benefit coverage provided by an employer. Local agencies have variations in benefits due to their specific contract obligations with CalPERS.

The four categories of membership are:

Miscellaneous Members — staff, operational, supervisory, and all other eligible employees who are not in special membership categories.

Safety Members — California Highway Patrol officers, police officers, firefighters, and other employees whose principal duties are in active law enforcement or fire prevention and suppression work, or who occupy positions designated by law as safety member positions.

State Industrial Members — employees of the Department of Corrections and the California Youth Authority who have the same service retirement and other benefits as miscellaneous members, but who also have industrial death and disability benefits under certain limited circumstances.

State Peace Officer/Firefighter Members — State employees who are involved in law enforcement, firefighting and fire suppression, public safety, protective services, or the management and supervision thereof, whose positions are defined as State peace officer/firefighter members in the Government Code or by the Department of Personnel Administration.

Separation from Employment/Refunds

At permanent separation from employment, members may either leave their contributions on deposit and defer retirement¹ or terminate membership by electing to take a refund of member contributions plus interest (compounded annually). With a refund election, CalPERS is required to deduct federal withholding of 20 percent from the untaxed portion of the refund, unless the taxable portion is directly rolled over to a qualified plan or IRA.

Service Retirement

State Miscellaneous and State Industrial Members (First Tier), School Members, and University Members 2 Percent at 55 Formula

Service not coordinated with Social Security — A guarantee of 2 percent of final compensation² at age 55 for each year of service credit. Retirement may begin at age 50 with a reduced benefit rate, or after age 55 with an increased benefit rate to age 63.

Service coordinated with Social Security — Same basic benefit rate; however, there is a reduction of \$133.33 of final compensation.³

Local Miscellaneous Members 2 Percent at 60 Formula

Service not coordinated with Social Security — A guarantee of 2 percent of final compensation at age 60 for each year of service credit. Retirement may begin at age 50 with a reduced benefit rate, or after age 60 with an increased benefit rate to age 63.

Service coordinated with Social Security — Same basic benefit rate; however, there is a reduction of \$133.33 of final compensation.

Notes:

¹ A member with less than the required amount of service credit must return to CalPERS-covered employment to obtain the minimum service credit required to be eligible for retirement.

² The term “final compensation” appears throughout this section. It means the average payrate over the last three consecutive years of employment (or one year for State and school members or as a contract option for local members) unless the member elects a different period with a higher average.

³ School member final compensation for service earned on and after January 1, 2001 is not subject to reduction.

CalPERS Program Data (continued)

State Miscellaneous and State Industrial Members (Second Tier) 1.25 Percent at 65 Formula

A guarantee of 1.25 percent of final compensation at age 65 for each year of service credit. Retirement may begin at age 55, or as early as age 50 (if there is a combination of First Tier and Second Tier service; a reduced benefit rate will apply).

Local Miscellaneous Members (Second Tier) 1.5 Percent at 65 Formula

A guarantee of 1.50 percent of final compensation at age 65 for each year of service credit. Retirement may begin at age 55, or as early as age 50 if there is a combination of First Tier and Second Tier service (a reduced benefit rate will apply).

Local Miscellaneous Members 2 Percent at 55 Formula

Service not coordinated with Social Security — A guarantee of 2 percent of final compensation at age 55 for each year of service credit. Retirement may begin at age 50 with a reduced benefit rate, or after age 55 with an increased benefit rate to age 63.

Service coordinated with Social Security — Same basic benefit rate; however, there is a reduction of \$133.33 of final compensation.

Local Miscellaneous Members 2.5 Percent at 55 Formula

Service not coordinated with Social Security — A guarantee of 2.5 percent of final compensation at age 55 for each year of service credit. Retirement may begin at age 50 with a reduced benefit rate.

Service coordinated with Social Security — Same basic benefit rate; however, there is a reduction of \$133.33 of final compensation.

Local Miscellaneous Members 2.7 Percent at 55 Formula

Service not coordinated with Social Security — A guarantee of 2.7 percent of final compensation at age 55 for each year of service credit. Retirement may begin at age 50 with a reduced benefit rate.

Service coordinated with Social Security — Same basic benefit rate; however, there is a reduction of \$133.33 of final compensation.

Local Miscellaneous Members 3 Percent at 60 Formula

Service not coordinated with Social Security — A guarantee of 3 percent of final compensation at age 60 for each year of service credit. Retirement may begin at age 50 with a reduced benefit rate.

Service coordinated with Social Security — Same basic benefit rate; however, there is a reduction of \$133.33 of final compensation.

Local Safety Members 2 Percent at 50 Formula

2 percent of final compensation for each year of service for retirement at age 50, with an increased benefit rate to age 55. The maximum allowance payable is 90 percent of final compensation.

Local Safety Members 2 Percent at 55 Formula

2 percent of final compensation for each year of service for retirement at age 55. The maximum allowance payable is 90 percent of final compensation. Retirement may begin at age 50 with a reduced benefit rate.

Local Safety Members Half Pay at 55 Formula

This benefit is no longer available as a contract amendment. Only a small number of local agencies are still covered under this formula which guarantees one-half of final compensation at age 55 with 20 or more years of service credit. Retirement may begin at age 50 with a reduced benefit rate.

State Safety Members and Local Safety Members 2.5 Percent at 55 Formula

This benefit is no longer available as a contract amendment. It provides 2.5 percent of final compensation for each year of service for retirement at age 55. The maximum allowance payable is 80 percent of final compensation for State safety members and 90 percent for local safety members. Retirement may begin at age 50 with a reduced benefit rate.

CalPERS Program Data (continued)

State Patrol Members and Local Safety Members 3 Percent at 50 Formula

3 percent of final compensation for each year of service for retirement at age 50. The maximum allowance payable is 90 percent of final compensation for State patrol members and local safety members.

State Peace Officer/Firefighter Members and Local Safety Members 3 Percent at 55 Formula

3 percent of final compensation for each year of service for retirement at age 55. The maximum allowance payable is 90 percent for State peace officer/firefighter members and local safety members.

Disability Retirement

For Most Members

A monthly allowance of 1.8 percent of final compensation for each year of service, improved under certain conditions to $33\frac{1}{3}$ percent of final compensation, applicable to members with at least five years of service credit.

By Contract Amendment Only for Local Agencies

A monthly allowance of 30 percent of final compensation, plus an additional 1 percent for each year of service over five years to a maximum of 50 percent.

For State Second Tier Members

A monthly allowance of 1.125 percent of final compensation for each year of service, improved under certain conditions to $33\frac{1}{3}$ percent of final compensation, applicable to members with at least 10 years of service credit or five years if credited as of January 1, 1985.

For Local Second Tier Members

A monthly allowance of 1.35 percent of final compensation for each year of service, improved under certain conditions to $33\frac{1}{3}$ percent of final compensation, applicable to members with at least five years of service credit.

Industrial Disability Retirement

For Most Members

A monthly allowance of 50 percent of final compensation, applicable to patrol members, State and local safety members, State peace officer/firefighter members, State industrial members, local miscellaneous members (by contract amendment only), and certain State miscellaneous members defined by law. The member must be serving in one of these categories at the time the industrial disability occurs. State members in certain bargaining units are eligible for 60 percent of final compensation if disabled for any job in State service and the injury occurred on or after January 1, 1993 and on or before December 31, 1999.

By Contract Amendment Only for Local Agencies

A monthly allowance of 75 percent of final compensation, if found totally disabled.

By Contract Amendment Only for Local Agencies

A monthly allowance of 50 percent to 90 percent of final compensation, depending on the disability rating by the Workers' Compensation Appeals Board.

Death Benefits (Before Retirement)

Basic Death Benefit — All Members Except State Employees

Eligible to retire or not — A return of member contributions plus interest (compounded annually) and an employer-paid portion equal to one month's compensation earnable for each year of current service to a maximum of six months.

Basic Death Benefit — State Employees Only

Eligible to retire or not eligible to retire with 20 years or more of State service credit — A return of member contributions plus interest (compounded annually) and a State-paid portion equal to six months' pay (50 percent of the member's earnable pay for the 12 months prior to the member's death).

CalPERS Program Data (continued)

Not eligible to retire with less than 20 years of State service credit — A return of only the member contributions plus interest (compounded annually).

Insurance Benefit — State Employees Only

Eligible to retire or not eligible to retire with 20 years or more of State service credit — \$5,000 in a lump sum.

Not eligible to retire with less than 20 years of State service credit — \$5,000 in a lump sum plus six months' pay (50 percent of annual compensation).

Alternate Death Benefit ¹ — For State Members in Bargaining Units Contracting for This Benefit, Who Are Not Eligible to Retire, With 20 Years or More of State service credit

A monthly allowance payable to a surviving spouse until death, then to children under age 18. It is calculated similarly to pre-retirement Option 2 (if the beneficiary is a spouse), or like a 1957 Survivor Benefit (if the beneficiary is a minor child), as though the member had been old enough to retire. A spouse or minor child may receive continued health and dental insurance with the Alternate Death Benefit.

Alternate Death Benefit for Firefighters — Local Agency Employers Contracting for This Benefit, With 20 Years or More of Total Service Credit

A monthly non-job-related allowance payable to a surviving spouse until death, then to children under age 18. It is calculated similarly to pre-retirement Option 2 (if the beneficiary is a spouse, even if the agency does not contract separately for the pre-retirement Option 2 benefit), or like a 1957 Survivor Benefit (if the beneficiary is a minor child), as though the member had either been old enough to retire (if the member died before reaching retirement age), or based on the member's actual age if the member was eligible to retire at the time of death. This benefit applies to all

service credit earned by the member, including service that may have been earned with a local agency that does not contract for the Alternate Death Benefit, as long as the member was employed at the time of death by a local agency that provides this benefit in their contract.

Pre-Retirement Option 2W Benefit — Local Agencies by Contract, Married

A monthly allowance payable to the surviving spouse until death, equal to what the deceased member would have received had they retired on the date of their death and elected Option 2W Benefit.

Pre-Retirement Option 2W Benefit ¹ — For All State Members, Married

A monthly allowance payable to the surviving spouse until death, equal to what the deceased member would have received had they retired on the date of their death and elected Option 2W.

1957 Survivor Benefit ¹ — Local Members, Married

For all members eligible to retire who are married, a monthly allowance payable to the surviving spouse until death, then to children under age 18, equal to one-half of the highest allowance (unmodified) the member would have received had they retired on the date of death.

1957 Survivor Benefit ¹ — All Members, Not Married

For all members eligible to retire who are not married, a monthly allowance payable to the unmarried surviving minor children until age 18, equal to one-half of the highest allowance (unmodified) the member would have received had they retired on the date of death. Once allowance stops, the total allowance paid is compared to the Basic Death Benefit amount, and any difference is paid in a lump sum to all of the member's surviving children.

Note:

¹ The surviving spouse of other than a State member, or guardian of a minor child, may elect the Basic Death Benefit or the 1957 Survivor Benefit. The surviving spouse of a State member may elect the Basic Death Benefit or the Pre-Retirement Option 2W Death Benefit.

CalPERS Program Data (continued)

1959 Survivor Benefit — State and School Members and by Contract Option, Local Agency Members Not Coordinated With Social Security

A monthly benefit paid to survivors of deceased members who died prior to retirement. This benefit is similar to the Social Security Survivor Benefit and is paid in addition to any other applicable pre-retirement death benefit, except the Special Death Benefit.

Special Death Benefit ¹— Survivors of Patrol, State and Local Safety, State Industrial, and State Peace Officer/ Firefighter Members, State Miscellaneous ² and Local Miscellaneous by Contract Amendment ²

A monthly allowance equal to 50 percent of final compensation payable to the surviving spouse until death, or if no spouse, to natural or adopted unmarried children up to age 22. The monthly allowance is recalculated annually on October 1 based on the salary rates for employees who work in the position the member held at the time of death until such time as the member would have attained age 50.

Special Death Benefit ¹— Violent Death

Provides increased benefits (up to 75 percent of final compensation) based upon the number of surviving children, if the member's death is the result of external violence or physical force.

Death Benefits (After Retirement)

Retired Death Benefit — State Members Only

A \$2,000 lump sum payable in addition to any optional settlement elected.

Retired Death Benefit — Local and School Members

A \$500, \$600, \$2,000, \$3,000, \$4,000, or \$5,000 lump sum (depending on the employer contract) payable in addition to any optional settlement elected.

Survivor Continuance Benefit — State Members, School Members and, by Contract Option, Local Agency Members

Service not coordinated with Social Security — 50 percent of the deceased member's unmodified retirement allowance amount will continue to an eligible survivor.

Service coordinated with Social Security — 25 percent of the deceased member's unmodified retirement allowance amount will continue to an eligible survivor.

Optional Settlements

For All Members

All the disability and service retirement allowances discussed in this section are the highest (unmodified) allowances payable to a retired member. There are six optional settlements to allow a member to reduce their allowance to provide a benefit to a named beneficiary at the member's death. Under two of these options, if the beneficiary predeceases the member, the member's allowance will be increased to the higher (unmodified) amount.

Cost-Of-Living Adjustments

For All Members — Except State Second Tier

A maximum of 2 percent compounded annually (up to 5 percent maximum as a contract option for retired members of local agencies).

For State Second Tier Members Only

A fixed 3 percent compounded annually.

Notes:

¹ The surviving spouse, or beneficiary may be eligible for the Special Death Benefit if the member's death is job-related.

² The survivor of a State or local miscellaneous member qualifies for the Special Death Benefit if the member was killed or fatally injured while performing their official duties.

CalPERS Program Data (continued)

Membership & Retirement Data Three-Year Review

	2004	2003	2002
Active & Inactive Members			
State Members			
State Miscellaneous	227,096	231,693	227,522
University of California	92	244	258
State Industrial	10,607	11,000	10,997
California Highway Patrol	10,236	11,959	11,754
State Safety	16,714	17,782	17,478
Peace Officer Firefighter (POF)	44,740	46,599	45,801
Total State Members	309,485	319,277	313,810
Contracting Public Agency Members			
Schools	372,614	373,171	358,837
Cities	158,884	160,155	154,871
Counties	87,468	89,838	87,887
Districts & Other Public Agencies	73,616	71,919	66,772
Total Public Agency Members	692,582	695,083	668,367
Total Members — Active & Inactive	1,002,067	1,014,360	982,177
Retired Members & Active Member Death Benefit Recipients			
Service	352,026	326,163	313,762
Disability	31,940	41,808	41,036
Industrial Disability	26,098	28,180	26,948
Industrial Death	958	946	931
1957 Survivor Benefit	2,881	2,802	2,714
1959 Survivor Benefit	2,880	2,841	2,735
Total Recipients	416,783¹	402,740	388,126

Note:

¹ This total differs from Total Benefit Recipients on page 132. Total Recipients shown here include Active Death Benefits paid as a result of a member death prior to retirement.

CalPERS Program Data (continued)

Active & Inactive Members

Employer/Category	Active	Inactive	Total
State Miscellaneous — First Tier	158,003	31,471	189,474
State Miscellaneous — Second Tier	13,923	23,699	37,622
State Industrial — First Tier	7,541	696	8,237
State Industrial — Second Tier	1,370	1,000	2,370
Highway Patrol	10,020	216	10,236
State Safety	14,356	2,358	16,714
Peace Officer/Firefighter	40,437	4,303	44,740
University of California ¹	20	72	92
Total State Members	245,670	63,815	309,485
School — Miscellaneous	301,545	70,374	371,919
School — Safety	536	159	695
Total School Members	302,081	70,533	372,614
Public Agency — Miscellaneous	207,764	56,747	264,511
Public Agency — Safety	48,458	6,999	55,457
Total Public Agency Members	256,222	63,746	319,968
Total Members	803,973	198,094	1,002,067

Benefit Payments by Type

Category	Amount Paid
Service Retirement	\$6,126,399,264
Disability Retirement	436,760,071
Industrial Disability Retirement	846,201,803
PPPA Payments ²	71,005,179
Total	\$7,480,366,317
Basic Death Benefit/Group Term Life Insurance	\$35,499,195
1957 Survivor Benefit	48,007,229
1959 Survivor Benefit	27,997,780
Industrial Death Allowance	25,302,686
Option 1, Temporary Annuity, Other Lump-Sum Death Benefits & Other Prior Year Adjustments	21,911,810
Total	\$158,718,700
Grand Total	\$7,639,085,017

Benefit Recipients by Employer Category ³

Employer	Retired Members	Survivors & Beneficiaries	Total
State Miscellaneous — First Tier	95,790	20,507	116,297
State Miscellaneous — Second Tier	2,466	384	2,850
State Industrial — First Tier	3,278	535	3,813
State Industrial — Second Tier	108	8	116
Highway Patrol	5,038	859	5,897
State Safety	18,728	2,589	21,317
Peace Officer/Firefighter	2,125	189	2,314
Total State	127,533	25,071	152,604
School — Miscellaneous	106,157	17,028	123,185
School — Safety	0	0	0
Total School	106,157	17,028	123,185
Public Agency — Miscellaneous	89,268	15,230	104,498
Public Agency — Safety	29,068	3,917	32,985
Total Public Agency	118,336	19,147	137,483
Total	352,026	61,246	413,272

Notes:

- ¹ The number of University of California members continues to decline since new employees must join the University of California Retirement System (UCRS).
- ² These payments were made from the Purchasing Power Protection Account, which is structured to maintain current benefit levels and to restore CalPERS allowances to 75 percent of their original purchasing power (80 percent for public agencies).
- ³ The actual number of benefit recipients is by the employer category from which they retired, regardless of whether they had service in other employer categories. The total includes only those recipients receiving a monthly allowance, and does not include recipients of one-time only payments.

CalPERS Program Data (continued)

Benefit Payments by Type Six-Year Review

Category	2004	2003	2002	2001	2000	1999
Service Retirement	\$6,126,399,264	\$5,517,803,137	\$5,023,585,476	\$4,527,931,149	\$3,969,347,915	\$3,656,434,639
Disability Retirement	436,760,071	414,169,213	395,028,004	367,110,934	331,413,880	304,240,355
Industrial Disability Retirement	846,201,803	788,510,695	700,349,277	620,520,770	547,420,009	496,096,480
PPPA Payments	71,005,179	78,716,677	82,516,981	122,985,198	186,743,547	182,989,884
Total	\$7,480,366,317	\$6,799,199,722	\$6,201,479,738	\$5,638,548,051	\$5,034,925,351	\$4,639,761,358
Basic Death Benefit/ Group Term Life Insurance	\$35,499,195	\$50,135,006	\$38,555,448	\$39,833,188	\$42,270,500	\$36,875,983
1957 Survivor Benefit	48,007,229	45,509,640	42,917,465	39,475,959	38,318,792	31,734,005
1959 Survivor Benefit	27,997,780	28,548,728	25,242,446	24,292,309	23,934,323	12,410,800
Industrial Death Allowance	25,302,686	24,347,863	23,117,626	20,305,890	18,184,723	16,149,980
Option 1, Temporary Annuity, Other Lump-Sum Death Benefits & Other Prior Year Adjustments	21,911,810	44,172,841	99,706,393	30,493,571	18,440,006	39,937,173
Total	\$158,718,700¹	\$192,714,078	\$229,539,378	\$154,400,917	\$141,148,344	\$137,107,941
Grand Total	\$7,639,085,017	\$6,991,913,800	\$6,431,019,116	\$5,792,948,968	\$5,176,073,695	\$4,776,869,299

Note:

¹ Includes "penalty interest" of \$2,767 for pre-retirement and \$6,098 for post-retirement death payments. Penalty interest is required when CalPERS is unable to pay death benefits within 45 days of receiving all documents establishing entitlement. The penalty interest rate is paid for each day exceeding the 45-day time limit, based on the interest crediting rate or the net earnings rate (including capital gains and losses) whichever is greater.

CalPERS Program Data (continued)

Average Benefit Payments — As of June 30, 2003 Six-Year Review

Retirement Effective Dates	Years of Credited Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
2002/03							
Average Monthly Allowance ¹	\$573	\$678	\$1,074	\$1,475	\$2,110	\$3,261	\$4,625
Average Final Compensation	\$4,996	\$3,609	\$3,752	\$3,936	\$4,350	\$5,156	\$5,888
Number of Recipients ¹	529	2,834	3,825	3,678	3,281	3,116	4,650
2001/02							
Average Monthly Allowance ¹	\$671	\$674	\$1,038	\$1,421	\$1,962	\$3,125	\$4,381
Average Final Compensation	\$4,837	\$3,543	\$3,615	\$3,878	\$4,164	\$5,015	\$5,653
Number of Recipients ¹	503	2,518	3,667	3,152	3,074	2,951	4,284
2000/01							
Average Monthly Allowance ¹	\$599	\$614	\$990	\$1,323	\$1,810	\$2,875	\$4,138
Average Final Compensation	\$4,504	\$3,289	\$3,517	\$3,604	\$3,937	\$4,750	\$5,371
Number of Recipients ¹	453	2,620	4,082	3,284	3,024	2,948	4,794
1999/00							
Average Monthly Allowance ¹	\$478	\$568	\$921	\$1,221	\$1,705	\$2,515	\$3,710
Average Final Compensation	\$4,028	\$3,227	\$3,397	\$3,480	\$3,831	\$4,460	\$5,026
Number of Recipients ¹	403	2,229	3,222	2,442	2,402	2,074	2,903
1998/99							
Average Monthly Allowance ¹	\$435	\$521	\$851	\$1,135	\$1,522	\$2,424	\$3,351
Average Final Compensation	\$3,795	\$3,116	\$3,230	\$3,346	\$3,621	\$4,411	\$4,844
Number of Recipients ¹	312	2,249	3,081	2,387	2,264	2,044	2,475
1997/98							
Average Monthly Allowance ¹	\$574	\$514	\$823	\$1,085	\$1,613	\$2,529	\$3,401
Average Final Compensation	\$3,017	\$2,911	\$3,085	\$3,143	\$3,524	\$4,320	\$4,687
Number of Recipients ¹	239	1,713	2,220	1,872	1,830	1,630	2,111

Note:

¹ These averages and totals are for retired members, beneficiaries, and community property recipients.

CalPERS Public Agency Employers

Contract Actions Summary

On June 30, 2004, 1,504 public agency contracts provided retirement, death, and survivor benefits for employees of 57 county superintendents of schools; four school district offices; 445 cities and towns; 36 counties; and 962 districts and other public agencies. The 57 county superintendents of schools contracts provide benefits for 1,056 school districts, bringing the total number of public agency employers to 2,560.

	Added	Merged	Terminated	Total
County Superintendents of Schools (for 1,056 school districts)	—	—	—	57
Los Angeles City Schools and Community College Districts	—	—	—	2
Los Angeles County Superintendents of Schools and San Diego County of Superintendent of Schools	—	—	—	2
Cities/Towns	2	—	—	445
Counties	—	—	—	36
Districts and Other Public Agencies	21	-2	—	962
Total Public Agency Contracts	23	-2	0	1,504

Amendments

Public agency contracts vary depending upon the member categories covered, the formula the agency elects to provide, and the optional benefit provisions selected from the group of approximately 51 benefits. These optional benefits may be provided at the time the original contract is established or they may be added later through the contract amendment process.

During the 2003-04 fiscal year, 341 benefit changes were made through 263 contract amendments. The benefit formula changes for public agencies included: 32 to provide the 2.7% at 55 formula for miscellaneous members; 23 to provide the 2.5% at 55 formula for miscellaneous members; 14 to provide 3% at 60 formula for miscellaneous members; 14 to provide 2% at 55 for miscellaneous members; 37 to provide 3% at 50 formula for safety members; 11 to provide 3% at 55 formula for safety members; and three to provide 2% at 50 formula for safety members.

There were no new optional benefits added during the year.

Two Years of Additional Service Credit — The Golden Handshake

Contracting agencies may amend their contracts to provide additional service credit if there are impending mandatory transfers, layoffs, or demotions. Eligible employees who

retire within a 90- to 180-day window period established by the employer receive two years additional service credit. The county schools may also contract for this benefit when there is an impending curtailment of, or change in the manner of performing services, and their best interest would be served by granting the additional service credit. Once the contract is amended, the employer may establish additional window periods.

In the 2003-04 fiscal year, 14 public agencies amended their contracts to provide the two years of additional service credit and 47 additional window periods were established. The County Offices of Education established 94 additional window periods for the Golden Handshake benefit.

Popular Benefit Amendments

2% at 55 Misc. Formula	14 amendments
2.5% at 55 Misc. Formula	23 amendments
2.7% at 55 Misc. Formula	32 amendments
3% at 50 Local Safety Formula	37 amendments
3% at 60 Local Misc. Formula	14 amendments
Credit for Unused Sick Leave	28 amendments
Fourth Level 1959 Survivor Benefit	27 amendments
Military Service Credit/Pub. Service	41 amendments
One-Year Final Compensation	34 amendments
Pre-Retirement Optional Settlement 2 Death Benefit	14 amendments

CalPERS Public Agency Employers

Mergers

The Housing Authority of the City of Alameda merged into the City of Alameda, effective August 10, 2003.

The Forty-Niner Fire Protection District merged into Nevada County Consolidated Fire District, effective February 22, 2004.

Terminations

During the year, no agencies completed the termination process.

New Contracts

During the 2003-04 fiscal year, 23 additional agencies contracted with CalPERS for retirement, death, and survivor benefits. The new contracting agencies are:

Effective Date	Public Agency	Miscellaneous Member Formula	Safety Member Formula
7/01/03	Butte-Glenn Community College District		2% at 55
7/01/03	Housing Authority of the City of South San Francisco	2% at 60	
7/01/03	San Diego Pooled Insurance Program Authority	2% at 55	
7/01/03	Upper Lake Fire Protection District	3% at 55	
7/21/03	West Kern Water District	2% at 60	
8/21/03	Grossmont-Cuyamaca Community College District Auxiliary	2% at 55	
9/01/03	Nevada-Sierra Regional IHSS Public Authority	2% at 55	
9/15/03	Central Sierra Child Support Agency	2% at 55	
9/16/03	City of Kerman		2% at 55
10/10/03	San Joaquin County IHSS Public Authority	2% at 55	
10/29/03	Konocti County Water District	2% at 55	
1/01/04	Beta Healthcare Group Risk Management Authority	2% at 60	
1/18/04	Regional Center of Orange County	2% at 55	
1/19/04	Bay Area Water Supply and Conservation Agency	2% at 55	
2/07/04	Baldy Mesa Water District	2% at 55	
2/12/04	San Francisquito Creek Joint Powers Authority	2% at 55	
3/01/04	San Miguel Community Services District	2.7% at 55	
3/06/04	Kern River Valley Cemetery District	2% at 60	
4/01/04	Centerville Community Services District	2% at 60	
5/01/04	Thermalito Irrigation District	3% at 60	
5/16/04	City of Rancho Cordova	2% at 55	
5/30/04	Exeter District Ambulance	2% at 55	
6/20/04	Delta Diablo Sanitation District	2.7% at 55	

CalPERS Public Agency Employers

Reciprocal Systems

Reciprocity is a valuable addition to the CalPERS benefit package. Its purpose is to encourage career public service, by allowing members to move between employers under different public retirement systems without losing their retirement and related benefits. The following retirement systems have reciprocity with CalPERS.

Counties Under the County Employees'

Retirement Law of 1937

Alameda	Sacramento
Contra Costa	San Bernardino
Fresno	San Diego
Imperial	San Joaquin
Kern	Santa Barbara
Los Angeles	Sonoma
Marin	Stanislaus
Mendocino	Tulare
Merced	Ventura
Orange	

The University of California Retirement Plan (UCRP)

Reciprocal Public Retirement Systems

California Administrative Services Authority
Concord, City of
Contra Costa Water District
Costa Mesa, City of (safety only)
East Bay Municipal Utility District
East Bay Regional Park District (safety only)
Fresno Employees' Retirement System
Long Beach Schools Business Management Authority
Los Angeles County Metropolitan Transportation Authority (Non-Contract Employees' Retirement Income Plan)
Oakland, City of (non-safety only)
Pasadena, City of (fire and police only)
Sacramento, City of
San Clemente, City of (non-safety only)
San Diego, City of
San Francisco, City and County of
San Jose, City of
San Luis Obispo, County of

Systems with Limited Reciprocity

Judges' Retirement System
Legislators' Retirement System
California State Teachers' Retirement System

Participating Public Agencies by Type

Total number of CalPERS members for each agency follows its name.

County Superintendents of Schools

Alameda - 10,905	Placer - 2,902
Alpine - 33	Plumas - 302
Amador - 210	Riverside - 15,159
Butte - 2,463	Sacramento - 11,928
Calaveras - 488	San Benito - 570
Colusa - 261	San Bernardino - 18,135
Contra Costa - 7,203	San Diego - 25,848
Del Norte - 199	San Joaquin - 5,712
El Dorado - 1,658	San Luis Obispo - 2,280
Fresno - 9,004	San Mateo - 4,678
Glenn - 380	Santa Barbara - 3,698
Humboldt - 1,515	Santa Clara - 13,423
Imperial - 2,061	Santa Cruz - 2,378
Inyo - 260	Shasta - 1,994
Kern - 8,874	Sierra - 59
Kings - 1,427	Siskiyou - 724
Lake - 754	Solano - 3,039
Lassen - 375	Sonoma - 3,772
Los Angeles - 79,521	Stanislaus - 5,320
Madera - 1,220	Sutter - 729
Marin - 1,860	Tehama - 816
Mariposa - 171	Trinity - 251
Mendocino - 1,474	Tulare - 5,293
Merced - 3,065	Tuolumne - 464
Modoc - 218	Ventura - 6,252
Mono - 187	Yolo - 1,441
Monterey - 4,192	Yuba - 897
Napa - 1,318	Total - 57
Nevada - 730	
Orange - 21,992	

School District Offices

Los Angeles Unified School District - 40,882
Los Angeles Community College District - 2,693
Los Angeles County Office of Education - 3,511
San Diego County Office of Education - 1,044

Total - 4

CalPERS Public Agency Employers

Counties

Alpine - 108	Kings - 1,668	Placer - 3,050	Siskiyou - 905
Amador - 629	Lake - 1,218	Plumas - 628	Solano - 3,554
Butte - 2,701	Lassen - 629	Riverside - 19,565	Sutter - 1,281
Calaveras - 600	Madera - 1,671	San Benito - 620	Tehama - 1,168
Colusa - 375	Mariposa - 429	San Francisco City & County ¹ - 1,454	Trinity - 685
Del Norte - 687	Modoc - 538	Santa Clara - 19,209	Tuolumne - 1,468
El Dorado - 2,267	Mono - 388	Santa Cruz - 3,281	Yolo - 2,273
Glenn - 633	Monterey - 5,791	Shasta - 2,209	Yuba - 1,232
Humboldt - 2,312	Napa - 1,634	Sierra - 143	
Inyo - 560	Nevada - 1,359		Total - 36

Cities & Towns

Adelanto - 133	Bishop - 39	Colma - 60	Elk Grove - 44
Agoura Hills - 46	Blue Lake - 10	Colton - 470	Emeryville - 88
Alameda - 845	Blythe - 127	Colusa - 51	Encinitas - 283
Albany - 105	Bradbury - 3	Commerce - 172	Escalon - 48
Alhambra - 653	Brawley - 172	Compton - 622	Escondido - 1,058
Aliso Viejo - 9	Brea - 481	Concord - 700	Etna - 7
Alturas - 26	Brentwood - 322	Corcoran - 90	Eureka - 312
American Canyon - 82	Brisbane - 133	Corning - 54	Exeter - 40
Anaheim - 3,041	Buellton - 24	Corona - 998	Fairfax - 56
Anderson - 68	Buena Park - 398	Coronado - 336	Fairfield - 685
Angels - 52	Burbank - 1,599	Corte Madera - 89	Farmersville - 36
Antioch - 463	Burlingame - 312	Costa Mesa - 920	Fillmore - 55
Apple Valley - 96	Calabasas - 112	Cotati - 57	Firebaugh - 61
Arcadia - 441	Calexico - 269	Covina - 286	Folsom - 640
Arcata - 131	California City - 106	Crescent City - 89	Fontana - 624
Arroyo Grande - 119	Calimesa - 18	Cudahy - 28	Fort Bragg - 72
Artesia - 50	Calipatria - 24	Culver City - 884	Fortuna - 83
Arvin - 54	Calistoga - 64	Cupertino - 192	Fountain Valley - 291
Atascadero - 177	Camarillo - 162	Cypress - 226	Fowler - 32
Atherton - 86	Campbell - 218	Daly City - 840	Fremont - 1,145
Atwater - 142	Canyon Lake - 6	Dana Point - 58	Fullerton - 749
Auburn - 113	Capitola - 103	Davis - 569	Galt - 203
Avalon - 73	Carlsbad - 765	Del Mar - 80	Garden Grove - 838
Avenal - 36	Carmel-By-The-Sea - 122	Del Rey Oaks - 14	Gardena - 523
Azusa - 409	Carpinteria - 50	Desert Hot Springs - 86	Gilroy - 320
Bakersfield - 1,419	Carson - 391	Diamond Bar - 67	Glendale - 2,426
Baldwin Park - 691	Cathedral City - 237	Dinuba - 200	Glendora - 248
Banning - 200	Cerritos - 593	Dixon - 128	Goleta - 27
Barstow - 146	Chico - 435	Dos Palos - 31	Gonzales - 48
Beaumont - 104	Chino - 529	Downey - 549	Grand Terrace - 70
Bell - 204	Chowchilla - 81	Duarte - 70	Grass Valley - 139
Bell Gardens - 184	Chula Vista - 1,362	Dublin - 106	Greenfield - 40
Bellflower - 131	Citrus Heights - 65	Dunsmuir - 16	Gridley - 56
Belmont - 185	Claremont - 275	East Palo Alto - 97	Grover Beach - 89
Belvedere - 28	Clayton - 37	El Cajon - 731	Guadalupe - 54
Benicia - 297	Clearlake - 69	El Centro - 319	Gustine - 28
Berkeley - 2,003	Cloverdale - 62	El Cerrito - 205	Half Moon Bay - 77
Beverly Hills - 1,111	Clovis - 778	El Monte - 519	Hanford - 276
Biggs - 10	Coachella City - 75	El Segundo - 425	Hawaiian Gardens - 102

Note:

¹ This agency has both City and County employees and is listed in both areas; however, it is included only in the "total" count of the Cities category.

CalPERS Public Agency Employers

Cities & Towns

Hawthorne - 543	Lodi - 614	Oakland - 5,296	Riverbank - 70
Hayward - 1,080	Loma Linda - 108	Oakley - 22	Riverside - 2,427
Healdsburg - 141	Lomita - 60	Oceanside - 1,176	Rocklin - 382
Hemet - 383	Lompoc - 467	Ojai - 51	Rohnert Park - 253
Hercules - 183	Long Beach - 6,209	Ontario - 1,121	Rolling Hills - 5
Hermosa Beach - 202	Loomis - 11	Orange - 805	Rolling Hills Estates - 41
Hesperia - 122	Los Alamitos - 75	Orange Cove - 16	Rosemead - 61
Hidden Hills - 5	Los Altos - 181	Orland - 39	Roseville - 1,239
Highland - 37	Los Altos Hills - 27	Oroville - 141	Ross - 23
Hillsborough - 132	Los Banos - 164	Oxnard - 2,416	Sacramento - 5,170
Hollister - 194	Los Gatos - 251	Pacific Grove - 149	Salinas - 557
Hughson - 43	Loyalton - 3	Pacifica - 275	San Anselmo - 107
Huntington Beach - 1,193	Lynwood - 331	Palm Desert - 192	San Bernardino - 1,688
Huntington Park - 225	Madera - 339	Palm Springs - 580	San Bruno - 298
Imperial - 42	Malibu - 75	Palmdale - 387	San Buenaventura - 838
Imperial Beach - 103	Mammoth Lakes - 130	Palo Alto - 1,361	San Carlos - 196
Indian Wells - 52	Manhattan Beach - 328	Palos Verdes Estates - 85	San Clemente - 56
Indio - 246	Manteca - 397	Paradise - 111	San Dimas - 98
Industry - 36	Marina - 123	Paramount - 142	San Fernando - 160
Inglewood - 1,051	Martinez - 60	Parlier - 41	San Francisco - 1,454
Ione - 18	Marysville - 88	Pasadena - 2,175	San Gabriel - 209
Irvine - 715	Maywood - 92	Paso Robles - 205	San Jacinto - 86
Irwindale - 91	Menlo Park - 354	Patterson - 78	San Joaquin - 21
Jackson - 40	Merced - 513	Perris - 83	San Jose - 14
Kerman - 16	Mill Valley - 202	Petaluma - 432	San Leandro - 539
King City - 56	Millbrae - 187	Pico Rivera - 207	San Luis Obispo - 481
Kingsburg - 73	Milpitas - 586	Piedmont - 120	San Marcos - 230
La Canada Flintridge - 37	Mission Viejo - 158	Pinole - 157	San Marino - 148
La Habra - 534	Modesto - 1,389	Pismo Beach - 118	San Mateo - 703
La Habra Heights - 22	Monrovia - 345	Pittsburg - 314	San Pablo - 172
La Mesa - 311	Montague - 7	Placentia - 151	San Ramon - 246
La Mirada - 109	Montclair - 292	Placerville - 106	Sand City - 31
La Palma - 107	Monte Sereno - 10	Pleasant Hill - 183	Sanger - 153
La Puente - 56	Montebello - 708	Pleasanton - 606	Santa Ana - 1,960
La Quinta - 96	Monterey - 602	Pomona - 862	Santa Barbara - 1,568
La Verne - 199	Monterey Park - 463	Port Hueneme - 177	Santa Clara - 1,163
Laguna Beach - 301	Moorpark - 82	Porterville - 308	Santa Clarita - 561
Laguna Hills - 51	Moraga - 30	Portola - 15	Santa Cruz - 1,057
Laguna Niguel - 92	Moreno Valley - 527	Portola Valley - 15	Santa Fe Springs - 245
Laguna Woods - 9	Morgan Hill - 243	Poway - 315	Santa Maria - 585
Lake Elsinore - 78	Morro Bay - 149	Rancho Cordova - 4	Santa Monica - 2,425
Lake Forest - 64	Mountain View - 839	Rancho Cucamonga - 466	Santa Paula - 167
Lakeport - 58	Mt. Shasta - 43	Rancho Mirage - 98	Santa Rosa - 1,406
Lakewood - 318	Murrieta - 191	Rancho Palos Verdes - 126	Santee - 176
Lancaster - 490	Napa - 487	Red Bluff - 134	Saratoga - 92
Larkspur - 72	National City - 412	Redding - 953	Sausalito - 137
Lathrop - 97	Needles - 193	Redlands - 573	Scotts Valley - 113
Lawndale - 108	Nevada City - 32	Redondo Beach - 670	Seal Beach - 111
Lemon Grove - 73	Newark - 308	Redwood City - 841	Seaside - 198
Lemoore - 132	Newman - 50	Reedley - 128	Sebastopol - 53
Lincoln - 167	Newport Beach - 1,056	Rialto - 451	Selma - 165
Lindsay - 99	Norco - 159	Richmond - 948	Shafter - 136
Live Oak - 26	Norwalk - 296	Ridgecrest - 148	Shasta Lake - 50
Livermore - 633	Novato - 307	Rio Vista - 59	Sierra Madre - 90
Livingston - 71	Oakdale - 100	Ripon - 23	Signal Hill - 167

CalPERS Public Agency Employers

Cities & Towns

Simi Valley - 762	Taft - 157	Vallejo - 665	Whittier - 515
Solana Beach - 82	Tehachapi - 33	Vernon - 440	Williams - 27
Soledad - 51	Temecula - 209	Victorville - 517	Willits - 62
Solvang - 43	Temple City - 55	Villa Park - 6	Willows - 44
Sonoma - 105	Thousand Oaks - 506	Visalia - 617	Windsor - 95
Sonora - 52	Tiburon - 52	Vista - 425	Winters - 29
South El Monte - 85	Torrance - 1,714	Walnut - 73	Woodlake - 48
South Gate - 605	Tracy - 535	Walnut Creek - 591	Woodland - 371
South Lake Tahoe - 254	Truckee - 136	Wasco - 61	Woodside - 27
South Pasadena - 194	Tulare - 403	Waterford - 19	Yorba Linda - 133
South San Francisco - 554	Tulelake - 16	Watsonville - 476	Yountville - 31
St. Helena - 94	Turlock - 443	Weed - 41	Yreka - 78
Stanton - 69	Tustin - 379	West Covina - 494	Yuba City - 331
Stockton - 2,183	Twentynine Palms - 51	West Hollywood - 275	Yucaipa - 87
Suisun City - 127	Ukiah - 209	West Sacramento - 410	Yucca Valley - 81
Sunnyvale - 1,271	Union City - 371	Westlake Village - 20	Total - 445
Susanville - 86	Upland - 362	Westminster - 344	
Sutter Creek - 19	Vacaville - 644	Westmorland - 5	

Districts & Other Public Agencies

Academic Senate for California Community Colleges - 10	Armona Community Services District - 4
Access Services Incorporated - 92	Arrowbear Park County Water District - 6
Agoura Hills and Calabasas Community Center - 12	Arroyo Grande District Cemetery - 6
Alameda Alliance for Health - 195	Associated Students, California State University, San Bernardino - 2
Alameda Corridor Transportation Authority - 22	Association of Bay Area Governments - 129
Alameda County Congestion Management Agency - 14	Association of California Water Agencies - 66
Alameda County Fire Department - 257	Association of California Water Agencies - Joint Powers Insurance Authority - 51
Alameda County Law Library - 16	Association of Monterey Bay Area Governments - 17
Alameda County Mosquito Abatement District - 16	Atascadero Cemetery District - 5
Alameda County Schools Insurance Group - 11	Auburn Area Recreation and Park District - 69
Alameda County Transportation Authority - 12	Auburn Public Cemetery District - 8
Alameda County Waste Management Authority - 40	Avila Beach Community Services District - 1
Alameda County Water District - 247	Aztec Shops, Ltd., San Diego University - 100
Albany Municipal Services Joint Powers Authority - 21	Baldwin Park Unified School District - 826
Alhambra Redevelopment Agency - 7	Baldy Mesa Water District - 15
Aliso Water Management Agency - 6	Bard Water District - 15
Alliance of Schools for Cooperative Insurance Programs - 17	Bardsdale Cemetery District - 2
Alpine Fire Protection District - 21	Barstow Cemetery District - 5
Alta California Regional Center, Inc. - 311	Bay Area Air Quality Management District - 402
Alta Irrigation District - 38	Bay Area Library and Information System - 4
Altadena Library District - 21	Bay Area Water Supply and Conservation Agency - 4
Amador Rapid Transit District - 35	Beach Cities Health District - 108
Amador Water Agency - 61	Bear Mountain Recreation and Park District - 5
American Canyon Fire District - 17	Bear Valley Community Services District - 44
American River Flood Control District - 8	Beaumont District Library - 8
Anderson Cemetery District - 1	Beaumont-Cherry Valley Recreation and Park District - 13
Anderson Fire Protection District - 7	Beaumont-Cherry Valley Water District - 20
Angiola Water District - 5	Bella Vista Water District - 26
Antelope Valley Mosquito and Vector Control District - 5	Belvedere-Tiburon Library Agency - 17
Antelope Valley Schools Transportation Agency - 258	Ben Lomond Fire Protection District - 2
Antelope Valley Transit Authority - 9	Benicia City Housing Authority - 19
Apple Valley Fire Protection District - 66	Bennett Valley Fire Protection District - 6
Aptos/La Selva Fire Protection Agency - 41	Beta Healthcare Group Risk Management Authority - 50
Arbuckle-College City Fire Protection District - 3	Big Bear Area Regional Wastewater Agency - 20
Arcata Fire Protection District - 12	Big Bear City Airport District - 6
Area 12 Agency on Aging - 35	

CalPERS Public Agency Employers

Districts & Other Public Agencies

Big Bear City Community Services District - 74	California State University, Foundation - 24
Big Bear Municipal Water District - 14	California State University, Fresno Association, Inc. - 194
Bighorn-Desert View Water Agency - 6	California State University, Fresno Athletic Corporation - 127
Black Gold Cooperative Library System - 19	California State University, Sacramento Foundation - 247
Blanchard/Santa Paula Public Library District - 8	Callayomi County Water District - 2
Bodega Bay Fire Protection District - 21	Calleguas Municipal Water District - 72
Bolinas Community Public Utility District - 6	Camarillo Health Care District - 56
Bolinas Fire Protection District - 3	Cambria Cemetery District - 1
Bonita-Sunnyside Fire Protection District - 16	Cambria Community Healthcare District - 8
Boron Community Services District - 4	Cambria Community Services District - 40
Borrego Springs Fire Protection District - 16	Cameron Park Community Services District - 16
Borrego Water District - 12	Camrosa Water District - 23
Branciforte Fire Protection District - 3	Capitol Area Development Authority - 55
Brannan-Andrus Levee Maintenance District - 1	Carmel Highlands Fire Protection District of Monterey County - 1
Broadmoor Police Protection District - 20	Carmel Valley Fire Protection District - 13
Brooktrails Township Community Services District - 11	Carmichael Water District - 32
Browns Valley Irrigation District - 14	Carpinteria Sanitary District - 15
Buena Park Library District - 22	Carpinteria Valley Water District - 19
Burney Basin Mosquito Abatement District - 1	Casitas Municipal Water District - 54
Burney Fire District - 5	Castaic Lake Water Agency - 90
Burney Water District - 8	Castro Valley Sanitary District - 14
Butte County Air Quality Management District - 12	Castroville Water District - 6
Butte County Association of Governments - 8	Cawelo Water District - 18
Butte County In-Home Supportive Services Public Authority - 4	Cayucos Sanitary District - 6
Butte County Mosquito and Vector Control District - 18	Cayucos-Morro Bay Cemetery District - 4
Butte Schools Self-Funded Programs - 2	Centerville Community Services District - 3
Butte-Glenn Community College District - 339	Central Basin Municipal Water District - 72
Byron-Bethany Irrigation District - 10	Central Calaveras Fire and Rescue Protection District - 3
Cachuma Operation and Maintenance Board - 18	Central Coast Computing Authority - 9
Cal Poly Pomona Foundation, Inc. - 390	Central Coast Water Authority - 38
Calaveras County Water District - 79	Central Contra Costa Transit Authority - 398
Calaveras Public Utility District - 8	Central Fire Protection District of Santa Cruz County - 64
California Association for Park and Recreation Insurance - 3	Central Marin Sanitation Agency - 36
California Authority of Racing Fairs - 25	Central Sierra Child Support Agency - 37
California Bear Credit Union - 85	Central Sierra Planning Council - 5
California Fair Services Authority - 56	Central Valley Regional Center, Inc. - 345
California Fairs Financing Authority - 48	Central Water District - 4
California Firefighter Joint Apprenticeship Committee - 30	Chester Fire Protection District - 2
California Interscholastic Federation, Central Coast Section - 4	Chester Public Utility District - 4
California Interscholastic Federation, Central Section - 3	Chico Area Recreation and Park District - 59
California Interscholastic Federation, North Coast Section - 10	Chino Basin Watermaster - 10
California Interscholastic Federation, Northern Section - 2	Chino Valley Independent Fire District - 129
California Interscholastic Federation, Sac-Joaquin Section - 4	Citrus Heights Water District - 28
California Interscholastic Federation, San Diego Section - 4	Clear Creek Community Services District - 12
California Interscholastic Federation, Southern Section - 17	Clearlake Oaks County Water District - 19
California Interscholastic Federation, State Office - 12	Clearlake Oaks Fire Protection District - 5
California Joint Powers Insurance Authority - 24	Cloverdale Citrus Fair - 5
California Joint Powers Risk Management Authority - 6	Cloverdale Fire Protection District - 5
California Maritime Academy Foundation, Inc. - 3	Clovis Cemetery District - 14
California Municipal Utilities Association - 5	Coachella Valley Association of Governments - 24
California Pines Community Services District - 7	Coachella Valley Mosquito Abatement District - 58
California Redevelopment Association - 12	Coachella Valley Public Cemetery District - 6
California School Boards Association - 146	Coachella Valley Water District - 523
California Special Districts Association - 11	Coalinga-Huron Cemetery District - 2
California State and Federal Employees No. 20 Credit Union - 15	Coalinga-Huron Mosquito Abatement District - 0
California State University, Bakersfield Foundation - 117	Coalinga-Huron Recreation and Park District - 24
California State University, Stanislaus Auxiliary and Business Services - 81	Coalinga-Huron Unified School District Library District - 8

CalPERS Public Agency Employers

Districts & Other Public Agencies

Coast Life Support District - 6
Coastal Developmental Services Foundation DBA Westside
Regional Center - 233
Coastal Municipal Water District - 0
Coastside County Water District - 19
Colfax Cemetery District - 2
College Town - 0
College of the Canyons Foundation - 5
Colusa Mosquito Abatement District - 3
Community College League of California - 26
Community Development Commission of Los Angeles County - 1,193
Community Development Commission of Mendocino County - 35
Community Development Commission of the City of National City - 44
Compton Creek Mosquito Abatement District - 1
Compton Unified School District - 1,709
Conejo Recreation and Park District - 220
Consolidated Area Housing, Sutter County - 39
Consolidated Mosquito Abatement District - 18
Contra Costa Community College District - 834
Contra Costa County Law Library - 5
Contra Costa County Schools Insurance Group - 60
Contra Costa Transportation Authority - 21
Cooperative Personnel Services - 286
Copperopolis Fire Protection District - 6
Cordelia Fire Protection District of Solano County - 7
Corning Water District - 4
Cottonwood Fire Protection District - 2
Cottonwood Water District - 2
Crescent City Harbor District - 18
Crescenta Valley Water District - 33
Crestline Lake Arrowhead Water Agency - 11
Crockett-Valona Sanitary District - 1
CSAC Excess Insurance Authority - 36
Cucamonga Valley Water District - 127
Cutler Public Utility District - 4
Cutler-Orosi Joint Powers Wastewater Authority - 4
Cuyama Valley Recreation District - 1
Dairy Council of California - 97
Daly City Redevelopment Agency - 0
Deer Springs Fire Protection District - 0
Del Norte County Library District - 5
Del Paso Manor Water District - 3
Del Puerto Water District - 4
Del Rey Community Services District - 4
Delano Mosquito Abatement District - 7
Delta Diablo Sanitation District - 62
Delta Vector Control District - 14
Denair Community Services District - 5
Desert Water Agency - 78
Diamond Springs/El Dorado Fire Protection District - 23
Dixon Unified School District Library District - 12
Donald P. and Katherine B. Loker University Student Union, Inc. - 12
Dougherty Regional Fire Authority - 5
Downey Cemetery District - 0
Dublin San Ramon Services District - 125
East Bay Dischargers Authority - 3
East Bay Regional Park District - 503
East Contra Costa Irrigation District - 21
East County Fire Protection District - 40
East Kern Airport District - 31
East Orange County Water District - 9
East Palo Alto Sanitary District - 10
East Quincy Services District - 6
East San Gabriel Valley Human Services Consortium - 93
East Valley Resource Conservation District - 14
East Valley Water District - 71
Eastern Municipal Water District - 603
Ebbetts Pass Fire Protection District - 21
El Dorado County Fire Protection District - 78
El Dorado County Transit Authority - 68
El Dorado Hills Community Services District - 44
El Dorado Hills County Water District - 52
El Dorado Irrigation District - 300
Elk Grove Community Services District - 336
Elsinore Valley Municipal Water District - 174
Encina Wastewater Authority - 72
Esparto Community Services District - 6
Esparto Fire Protection District - 2
Estero Municipal Improvement District - 297
Exeter District Ambulance - 0
Fair Oaks Recreation and Park District - 52
Fair Oaks Water District - 48
Fairfield-Suisun Sewer District - 27
Fall River Mills Community Services District - 4
Fallbrook Public Utility District - 78
Far Northern Regional Center - 172
Feather River Air Quality Management District - 10
Feather River Recreation and Park District - 30
Feather Water District - 5
Felton Fire Protection District - 2
Fern Valley Water District - 5
Florin County Water District - 8
Florin Resource Conservation District/Elk Grove Water Works - 16
Fontana Unified School District - 1,138
Foothill Municipal Water District - 10
Foresthill Public Utility District - 8
Forestville County Water District - 3
Forestville Fire Protection District - 6
Fort Bragg Fire Protection Authority - 4
Fort Ord Reuse Authority - 18
Fresno City Housing Authority - 183
Fresno County Housing Authority - 166
Fresno County Law Library - 5
Fresno Westside Mosquito Abatement District - 7
Fruitridge Fire Protection District - 0
Fullerton, California State University, Associated Students - 73
Fullton-El Camino Recreation and Parks District - 19
Galt Fire Protection District - 30
Garden Valley Fire Protection District - 4
Georgetown Divide Public Utility District - 23
Georgetown Fire Protection District - 14
Gilsizer County Drainage District - 5
Glen Ellen Fire Protection District - 6
Glendale College, Associated Students of - 17

CalPERS Public Agency Employers

Districts & Other Public Agencies

Glendale Community College District - 405
Glenn County Mosquito and Vector Control District - 1
Gold Ridge Fire Protection District - 3
Golden Gate Bridge Highway and Transportation District - 628
Golden Sierra Job Training Agency - 39
Goleta Sanitary District - 41
Goleta Water District - 71
Goleta West Sanitary District - 9
Great Basin Unified Air Pollution Control District - 30
Greater Anaheim Special Education Local Plan Area - 42
Greater Los Angeles County Vector Control District - 57
Greater Vallejo Recreation District - 42
Green Valley County Water District - 2
Gridley Biggs Cemetery District - 5
Grossmont Healthcare District - 5
Grossmont Schools Federal Credit Union - 24
Grossmont-Cuyamaca Community College District - 523
Groveland Community Services District - 31
Gualala Community Services District - 4
Halcomb Cemetery District - 0
Half Moon Bay Fire Protection District - 44
Hamilton Branch Fire Protection District - 3
Happy Camp Sanitary District - 2
Happy Homestead Cemetery District - 2
Happy Valley Fire District - 2
Hayward Area Recreation and Park District - 169
Hayward, California State University, Auxiliary Foundation, Inc. - 200
Health Plan of San Joaquin - 112
Heartland Communications Facility Authority - 34
Heber Public Utility District - 9
Helix Water District - 172
Henry Miller Reclamation District No. 2131 - 35
Herald Fire Protection District - 1
Heritage Ranch Community Services District - 12
Hesperia County Water District - 44
Hesperia Fire Protection District - 59
Hi-Desert Water District - 43
Hidden Valley Lake Community Services District - 14
Higgins Area Fire Protection District - 21
Hilton Creek Community Services District - 2
Hopland Public Utility District - 2
Housing Authority of the City of Calexico - 31
Housing Authority of the City of Eureka - 21
Housing Authority of the City of Livermore - 17
Housing Authority of the City of Los Angeles - 1,523
Housing Authority of the City of Madera - 59
Housing Authority of the City of South San Francisco - 2
Housing Authority of the County of Butte - 37
Housing Authority of the County of Santa Cruz - 93
Hub Cities Consortium - 57
Human Rights/Fair Housing Commission of the City and County of Sacramento - 27
Humboldt Bay Harbor Recreation and Conservation District - 18
Humboldt Bay Municipal Water District - 23
Humboldt Community Services District - 26
Humboldt County Association of Governments - 3
Humboldt Fire Protection District No.1 - 19
Humboldt State College University Center - 70
Humboldt Transit Authority - 58
Humboldt Waste Management Authority - 13
Idyllwild Fire Protection District - 8
Independent Cities Association, Inc. - 0
Indian Wells Valley Water District - 31
Inland Counties Regional Center, Inc. - 607
Inland Empire Health Plan - 416
Inland Empire Utilities Agency - 301
Inland Empire West Resource Conservation District - 6
Intelcom Intelligent Telecommunications - 57
Intergovernmental Training and Development Center - 9
Inverness Public Utility District - 3
Irvine Child Care Project - 0
Irvine Ranch Water District - 365
Isla Vista Recreation and Park District - 14
Jamestown Sanitary District - 4
Janesville Fire Protection District - 0
June Lake Public Utility District - 9
Jurupa Area Recreation and Park District - 9
Jurupa Community Services District - 74
Kaweah Delta Water Conservation District - 24
Kelseyville Fire Protection District - 14
Kensington Community Service District - 11
Kentfield Fire Protection District - 14
Kenwood Fire Protection District - 2
Kern County Cemetery District No. 1 - 9
Kern County Council of Governments - 20
Kern County Housing Authority - 130
Kern County Law Library - 4
Kern County Local Agency Formation Commission - 2
Kern Health Systems - 127
Kern River Valley Cemetery District - 3
Kettleman City Community Services District - 4
Kings Mosquito Abatement District - 13
Kings Waste and Recycling Authority - 86
Kinneloa Irrigation District - 3
Kirkwood Meadows Public Utilities District - 11
Konocti County Water District - 7
La Branza Water District - 0
La Habra Heights County Water District - 10
La Puente Valley County Water District - 12
Laguna Beach County Water District - 46
Lake Arrowhead Community Services District - 41
Lake County Vector Control District - 6
Lake Don Pedro Community Services District - 8
Lake Hemet Municipal Water District - 68
Lake Shastina Community Services District - 12
Lake Valley Fire Protection District - 31
Lakeport County Fire Protection District - 10
Lakeshore Fire Protection District - 13
Lakeside Fire Protection District - 93
Lakeside Water District - 13
Lamont Public Utility District - 3
Las Gallinas Valley Sanitary District of Marin County - 13
Las Virgenes Municipal Water District - 156
Lassen County Waterworks District No. 1 - 1

CalPERS Public Agency Employers

Districts & Other Public Agencies

League of California Cities - 113
Leucadia Wastewater District - 41
Levee District No. 1 of Sutter County - 2
Linda County Water District - 11
Linda Fire Protection District - 11
Linden-Peters Rural County Fire Protection District - 10
Lindsay Strathmore Public Cemetery District - 4
Little Lake Fire Protection District - 4
Littlerock Creek Irrigation District - 7
Live Oak Cemetery District - 3
Livermore/Amador Valley Transit Authority - 11
Local and Sub-Regional Government Services Authority - 16
Lompico County Water District - 2
Long Beach City College, Associated Student Body Enterprises - 31
Long Beach State University, Associated Students - 72
Long Beach State University, Forty-Niner Shops, Inc. - 82
Los Alamos Community Services District - 6
Los Angeles City Community Redevelopment Agency - 224
Los Angeles County Area 'E' Civil Defense and Disaster Board - 1
Los Angeles County Housing Authority - 18
Los Angeles County Law Library - 50
Los Angeles County Sanitation District No. 2 - 2,047
Los Angeles County West Vector Control District - 41
Los Angeles Memorial Coliseum Commission - 41
Los Angeles Regionalized Insurance Services Authority - 1
Los Angeles to Pasadena Metro Blue Line Construction Authority - 12
Los Gatos-Saratoga Department of Community Education and Recreation - 45
Los Osos Community Services District - 38
Lower Lake County Waterworks District No. 1 - 5
Lower Lake Fire Protection District - 2
Lower Tule River Irrigation District - 29
Lucerne Recreation and Park District - 5
Madera Cemetery District - 18
Madera County Economic Development Commission - 1
Madera County Mosquito and Vector Control District - 10
Main San Gabriel Basin Watermaster - 11
Majestic Pines Community Services District - 2
Mammoth Lakes Fire District - 7
Management of Emeryville Services Authority - 122
March Joint Powers Authority - 16
Marin Children and Families Commission - 5
Marin County Housing Authority - 105
Marin County Sanitary District No. 1 - 22
Marin Healthcare District - 1
Marin Municipal Water District - 293
Marinwood Community Services District - 30
Mariposa Public Utility District - 6
Maxwell Public Utility District - 2
McCloud Community Services District - 13
McFarland Recreation and Park District - 8
McKinleyville Community Services District - 30
Meeks Bay Fire Protection District - 5
Meiners Oaks County Water District - 4
Mendocino City Community Services District - 4
Mendocino Transit Authority - 64
Menlo Park Fire Protection District - 109
Merced County Housing Authority - 85
Merced County Mosquito Abatement District - 13
Merced Irrigation District - 211
Merritt College Associated Students, Inc. - 0
Mesa Consolidated Water District - 74
Metropolitan Cooperative Library System - 27
Metropolitan Transportation Commission - 161
Metropolitan Water District of Southern California - 2,169
Mid City Development Corporation - 1
Mid-Peninsula Water District - 25
Mid-Placer Public Schools Transportation Agency - 101
Midpeninsula Regional Open Space District - 111
Midway City Sanitary District - 32
Millview County Water District - 5
Minter Field Airport District - 10
Mission Springs Water District - 50
Mojave Water Agency - 38
Mokelumne Rural Fire District - 10
Monte Vista County Water District - 47
Montecito Fire Protection District - 52
Montecito Sanitary District of Santa Barbara County - 19
Montecito Water District - 26
Monterey Bay Unified Air Pollution Control District - 44
Monterey County Water Resources Agency - 76
Monterey Peninsula Airport District - 54
Monterey Peninsula Regional Park District - 11
Monterey Peninsula Water Management District - 37
Monterey Regional Waste Management District - 160
Monterey Regional Water Pollution Control Agency - 95
Monterey-Salinas Transit - 327
Montezuma Fire Protection District - 9
Morongo Basin Transit Authority - 48
Mother Lode Job Training Agency - 36
Moulton-Niguel Water District - 126
Mountain-Valley Library System - 5
Mountains Recreation and Conservation Authority - 210
Mt. View Sanitary District of Contra Costa County - 15
Mt. San Antonio College Auxiliary Services - 59
Municipal Water District of Orange County - 29
Murphys Sanitary District - 5
Murrieta County Water District - 26
Murrieta Fire Protection District - 35
Napa County Mosquito Abatement District - 9
Napa County Resource Conservation District - 13
Napa Sanitation District - 50
National Orange Show - 106
Natomas Fire Protection District - 0
Nevada Cemetery District - 3
Nevada County Consolidated Fire District - 53
Nevada County Local Agency Formation Commission - 3
Nevada Irrigation District - 185
Nevada-Sierra Regional IHSS Public Authority - 8
Newcastle, Rocklin, Gold Hill Cemetery District - 5
Newhall County Water District - 47
Newport Beach City Employees Federal Credit Union - 6
Nice Community Services District - 6
Niland Fire District - 1

CalPERS Public Agency Employers

Districts & Other Public Agencies

Niland Sanitary District - 0
Nipomo Community Services District - 12
North Bay Cooperative Library System - 13
North Bay Regional Center - 197
North Bay Schools Insurance Authority - 24
North Central Counties Consortium - 11
North Coast County Water District - 25
North Coast Railroad Authority - 1
North Coast Unified Air Quality Management District - 12
North County Fire Protection District of Monterey County - 31
North County Fire Protection District of San Diego County - 83
North County Transit District - 737
North Kern Cemetery District - 8
North Kern Water Storage District - 26
North Kern-South Tulare Hospital District - 113
North Los Angeles County Regional Center, Inc. - 493
North Marin Water District - 70
North of the River Municipal Water District - 8
North State Cooperative Library System - 8
North Tahoe Fire Protection District - 54
Northern California Power Agency - 170
Northern California Special Districts Insurance Authority - 4
Northern Sierra Air Quality Management District - 10
Northstar Community Services District - 25
Northwest Mosquito and Vector Control District - 22
Novato Sanitary District - 30
Oakdale Irrigation District - 77
Oakdale Rural Fire Protection District - 10
Oakland City Housing Authority - 389
Oakland Unified School District - 2,665
Oceano Community Services District - 8
Ojai Valley Sanitary District - 23
Olcese Water District - 1
Olivenhain Municipal Water District - 90
Omnitrans - 929
Ophir Hill Fire Protection District - 3
Orange County Health Authority (CALOPTIMA) - 475
Orange County Transportation Authority - 15
Orange Cove Fire Protection District of Fresno and Tulare Counties - 1
Orchard Dale County Water District - 9
Orland Cemetery District - 3
Oro Loma Sanitary District - 56
Orosi Public Utility District - 5
Oroville Cemetery District - 8
Oroville Mosquito Abatement District - 1
Otay Water District - 228
Oxnard Drainage District No. 2 - 0
Oxnard Harbor District - 34
Pacific Fire Protection District - 2
Padre Dam Municipal Water District - 144
Pajaro Valley Fire Protection Agency - 0
Pajaro Valley Public Cemetery District - 5
Pajaro Valley Water Management Agency - 21
Palm Ranch Irrigation District - 4
Palmdale Water District - 92
Palo Verde Cemetery District - 9
Palo Verde Valley District Library - 5
Palos Verdes Library District - 54
Pasadena City College Bookstore - 11
Pasadena Unified School District - 1,322
Paso Robles City Housing Authority - 6
Patterson Irrigation District - 12
Pauma Valley Community Services District - 28
Peardale Chicago Park Fire Protection District - 2
Peninsula Fire Protection District - 9
Penn Valley Fire Protection District - 20
Personal Assistance Services Council - 24
Pico Water District - 14
Pine Cove Water District - 5
Pinedale County Water District - 8
Pioneer Cemetery District - 4
Pixley Irrigation District - 9
Placer Consolidated Fire Protection District - 28
Placer County Cemetery District No. 1 - 5
Placer County Resource Conservation District - 2
Placer County Transportation Commission - 11
Placer County Water Agency - 176
Placer Hills Fire Protection District - 12
Placer Mosquito Abatement District - 11
Plain View Water District - 2
Planning and Service Area II Area Agency on Aging - 7
Pleasant Hill-Martinez Joint Facilities Agency - 163
Pleasant Hill Recreation and Park District - 61
Pleasant Valley County Water District - 6
Pleasant Valley Recreation and Park District - 91
Plumas Local Agency Formation Commission - 1
Point Montara Fire Protection District - 0
Pomona Valley Transportation Authority - 3
Pomona, California State Polytechnic University, Associated Students, Inc. - 49
Port San Luis Harbor District - 29
Porter Vista Public Utility District - 2
Porterville Irrigation District - 5
Porterville Public Cemetery District - 12
Provident Central Credit Union - 1
Public Agency Risk Sharing Authority of California - 4
Public Entity Risk Management Authority - 9
Public Transportation Services Corporation - 2,184
Pupil Transportation Cooperative - 160
Purissima Hills County Water District - 8
Quartz Hill Water District - 19
Quincy Community Services District - 14
Rag Gulch Water District - 8
Rainbow Municipal Water District - 64
Ramona Municipal Water District - 74
Rancho Adobe Fire Protection District - 20
Rancho California Water District - 133
Rancho Cucamonga Fire Protection District - 94
Rancho Murieta Community Services District - 50
Rancho Santa Fe Fire Protection District - 79
Rancho Santiago Community College, Associated Students - 4
Rancho Simi Recreation and Park District - 180
Reclamation District No. 3 - 3

CalPERS Public Agency Employers

Districts & Other Public Agencies

Reclamation District No. 833 - 3	Salinas Rural Fire District - 28
Reclamation District No. 999 - 4	Salton Community Services District - 23
Reclamation District No. 1000 - 12	Samoa Peninsula Fire Protection District - 0
Reclamation District No. 1001 - 11	San Andreas Regional Center, Inc. - 292
Reclamation District No. 1660 - 0	San Andreas Sanitary District - 6
Red Bluff Cemetery District - 5	San Benito County Water District - 35
Redevelopment Agency of City of Fresno - 12	San Bernardino County Housing Authority - 137
Redwood Coast Regional Center - 125	San Bernardino County Transportation Authority - 0
Redwood Empire Municipal Insurance Fund - 14	San Bernardino Economic Development Agency - 29
Redwood Empire School Insurance Group - 22	San Bernardino Valley Municipal Water District - 26
Reedley Cemetery District - 4	San Bernardino Valley Water Conservation District - 11
Regional Center of the East Bay - 362	San Bernardino, California State University, Foundation - 250
Regional Center of Orange County - 352	San Bernardino, California State University, Student Union - 13
Regional Council of Rural Counties - 78	San Diego Association of Governments - 184
Regional Water Authority - 4	San Diego County Law Library - 59
Rescue Fire Protection District - 7	San Diego County Water Authority - 313
Resort Improvement District No. 1 - 18	San Diego Metropolitan Transit Development Board - 74
Richardson Bay Sanitary District - 5	San Diego Pooled Insurance Program Authority - 2
Rincon Del Diablo Municipal Water District - 26	San Diego Rural Fire Protection District - 26
Rincon Valley Fire Protection District - 31	San Diego State University, Associated Students - 29
Rio Alto Water District - 7	San Diego Trolley, Inc. - 589
Rio Linda Elverta Community Water District - 14	San Diego Unified School District - 8,150
Rio Vista Cemetery District - 3	San Dieguito Water District - 21
Riverbank City Housing Authority - 2	San Elijo Joint Powers Authority - 22
Riverside County Air Pollution Control District - 0	San Francisco Bay Area Rapid Transit District - 3,821
Riverside County Citrus Pest Control District No. 2 - 4	San Francisco City and County Housing Authority - 380
Riverside County Flood Control and Water Conservation District - 238	San Francisco City and County Redevelopment Agency - 173
Riverside County Law Library - 10	San Francisco Community College District Bookstore Auxiliary - 18
Riverside County Regional Park and Open Space District - 105	San Francisco County Law Library - 14
Riverside County Transportation Commission - 44	San Francisco County Transportation Authority - 32
Riverside County Waste Resources Management District - 114	San Francisco Health Authority - 117
Riverside Transit Agency - 499	San Francisquito Creek Joint Powers Authority - 3
Riverview Water District - 12	San Gabriel County Water District - 19
Rockville Cemetery District - 4	San Gabriel Valley Council of Governments - 11
Rosamond Community Services District - 9	San Gabriel Valley Mosquito and Vector Control District - 30
Rose Bowl Operating Company - 25	San Gabriel Valley Municipal Water District - 11
Rosedale-Rio Bravo Water Storage District - 4	San Gorgonio Pass Water Agency - 4
Roseville Public Cemetery District - 10	San Jacinto Valley Cemetery District - 10
Ross Valley Fire Service - 27	San Joaquin County Housing Authority - 114
Rowland Water District - 24	San Joaquin County IHSS Public Authority - 10
Rubidoux Community Services District - 0	San Joaquin County Local Health District - 150
Running Springs Water District - 39	San Joaquin Delta Community College District - 474
Russian River Fire Protection District - 16	San Juan Water District - 48
Sacramento Area Council of Governments - 65	San Lorenzo Valley Water District - 30
Sacramento City Housing Authority - 398	San Luis Obispo, Cal Poly, Associated Students, Inc. - 115
Sacramento County Public Law Library - 25	San Luis Obispo, Cal Poly, Foundation - 396
Sacramento Metropolitan Air Quality Management District - 99	San Luis Obispo Council of Governments - 17
Sacramento Metropolitan Cable Television Commission - 15	San Luis Obispo Regional Transit Authority - 11
Sacramento Metropolitan Fire District - 743	San Luis Water District - 19
Sacramento Municipal Utility District - 2,714	San Mateo County Harbor District - 52
Sacramento Public Library Authority - 375	San Mateo County In-Home Supportive Services Public Authority - 6
Sacramento Regional Fire/EMS Communications Center - 88	San Mateo County Law Library - 4
Sacramento Suburban Water District - 50	San Mateo County Schools Insurance Group - 13
Sacramento Transportation Authority - 4	San Mateo County Transit District - 937
Sacramento-Yolo Mosquito and Vector Control District - 62	San Mateo Local Agency Formation Commission - 2
Salida Fire Protection District - 11	San Miguel Community Services District - 6
	San Miguel Consolidated Fire Protection District - 120

CalPERS Public Agency Employers

Districts & Other Public Agencies

San Pablo City Housing Authority - 4	Solano Transportation Authority - 18
San Simeon Community Services District - 1	Soledad Community Health Care District - 0
Sanger Cemetery District - 6	Sonoma County Library - 180
Sanitary District No. 5 of Marin County - 9	Sonoma State Enterprises, Inc. - 18
Santa Ana River Flood Protection Agency - 0	Sonoma Student Union Corporation - 11
Santa Ana Unified School District - 2,292	Soquel Creek Water District - 46
Santa Ana Watershed Project Authority - 30	South Bay Regional Public Communications Authority - 90
Santa Barbara County Law Library - 3	South Bayside System Authority - 71
Santa Barbara County Special Education Local Plan Area - 145	South Central Los Angeles Regional Center for Developmentally Disabled Persons - 300
Santa Barbara Regional Health Authority - 162	South Coast Area Transit - 188
Santa Clara County Central Fire Protection District - 271	South Coast Water District - 84
Santa Clara County Health Authority - 136	South County Fire Protection Authority - 54
Santa Clara County Law Library - 6	South East Regional Reclamation Authority - 11
Santa Clara County Schools Insurance Group - 8	South Kern Cemetery District - 4
Santa Clara County Traffic Authority - 3	South Lake County Fire Protection District - 2
Santa Clara Valley Transportation Authority - 931	South Orange County Wastewater Authority - 68
Santa Clara Valley Water District - 997	South Placer Fire District - 56
Santa Clarita Valley School Food Services Agency - 128	South Placer Municipal Utility District - 23
Santa Cruz Consolidated Emergency Communications Center - 87	South San Joaquin Irrigation District - 74
Santa Cruz County Law Library - 3	South San Luis Obispo County Sanitation District - 14
Santa Cruz Local Agency Formation Commission - 2	South Tahoe Public Utility District - 108
Santa Cruz Metropolitan Transit District - 363	Southeast Area Social Services Funding Authority - 74
Santa Fe Irrigation District - 53	Southern California Association of Governments - 214
Santa Margarita Water District - 167	Southern California Public Power Authority - 8
Santa Maria Public Airport District - 14	Southern California Regional Rail Authority - 226
Santa Monica Community College District - 532	Southern San Joaquin Municipal Utility District - 16
Santa Nella County Water District - 7	Southwest Transportation Agency - 98
Santa Paula City Housing Authority - 11	Special District Risk Management Authority - 13
Santa Rosa Community Services District - 6	Squaw Valley Public Service District - 26
Santa Ynez River Water Conservation District, Improvement District No. 1 - 17	Stallion Springs Community Services District - 13
Saratoga Fire Protection District - 31	Stanislaus Consolidated Fire Protection District - 59
Sausalito-Marín City Sanitary District - 8	Stanislaus County Housing Authority - 108
School Risk and Insurance Management Group - 8	State Bar of California - 836
Schools Excess Liability Fund - 6	State Water Contractors - 5
Schools Insurance Authority - 74	Stege Sanitary District - 15
Scotts Valley Fire Protection District - 31	Stinson Beach County Water District - 14
Scotts Valley Water District - 17	Stockton East Water District - 34
Selma Cemetery District - 7	Stockton Unified School District - 1,509
Selma-Kingsburg-Fowler County Sanitation District - 31	Strawberry Recreation District - 15
Serrano Water District - 13	Suisun Fire Protection District - 2
Sewer Authority Mid-Coastside - 19	Suisun Resource Conservation District - 8
Sewerage Commission-Oroville Region - 9	Suisun-Fairfield Cemetery District - 5
Shafter Wasco Irrigation District - 9	Summit Cemetery District - 10
Shasta Area Safety Communications Agency - 63	Sunnyslope County Water District - 14
Shasta Community Services District - 4	Susanville Consolidated Sanitary District - 17
Shasta Lake Fire Protection District - 10	Sutter Cemetery District - 11
Shasta Mosquito and Vector Control District - 14	Sweetwater Authority - 160
Shasta Valley Cemetery District - 3	Sweetwater Springs Water District - 13
Shiloh Public Cemetery District - 4	Sylvan Cemetery District - 5
Sierra Lakes County Water District - 6	Tahoe City Public Utility District - 65
Sierra-Sacramento Valley Emergency Medical Services Agency - 12	Tahoe Transportation District - 0
Silicon Valley Animal Control Authority - 10	Tahoe-Truckee Sanitation Agency - 71
Silveyville Cemetery District - 4	Tehachapi Valley Recreation and Park District - 8
Solano County Mosquito Abatement District - 9	Tehama County Mosquito Abatement District - 4
Solano County Water Agency - 9	Templeton Community Services District - 15
Solano Irrigation District - 112	Thermalito Irrigation District - 10

CalPERS Public Agency Employers

Districts & Other Public Agencies

Three Arch Bay Community Services District - 1	Walnut Valley Water District - 61
Three Valleys Municipal Water District - 24	Walton Fire Protection District - 1
Tiburon Fire Protection District - 25	Wasco Recreation and Park District - 8
Torrance City Redevelopment Agency - 0	Washington Colony Cemetery District - 4
Trabuco Canyon Water District - 38	Water Facilities Authority - 8
Tracy Rural County Fire Protection District - 1	Water Replenishment District of Southern California - 45
Transportation Agency for Monterey County - 14	Weaverville Community Services District - 8
Tri-City Mental Health Center - 324	Weaverville Fire Protection District - 0
Tri-Counties Association for the Developmentally Disabled - 342	Weaverville Sanitary District - 3
Tri-County Schools Insurance Group - 7	West Almanor Community Services District - 2
Tri-Dam Housing and Personnel Agency - 23	West Basin Municipal Water District - 1
Trinity County Waterworks District No. 1 - 5	West Bay Sanitary District - 32
Truckee Fire Protection District - 36	West Cities Communication Center - 23
Truckee Sanitary District - 42	West County Transportation Agency - 133
Truckee Tahoe Airport District - 36	West County Wastewater District - 62
Tulare Mosquito Abatement District - 5	West End Communications Authority - 2
Tulare Public Cemetery District - 10	West Kern Water District - 44
Tuolumne Utilities District - 71	West Stanislaus Irrigation District - 18
Turlock Mosquito Abatement District - 15	West Valley Sanitation District of Santa Clara County - 31
Twentynine Palms Water District - 39	West Valley Water District - 60
Twin Cities Police Authority - 49	West Valley-Mission Community College District - 403
Ukiah Valley Fire District - 11	Westborough Water District - 7
Union Public Utility District - 8	Western Municipal Water District - 110
Union Sanitary District - 153	Western Riverside Council of Governments - 21
United Water Conservation District - 69	Westlands Water District - 134
Upland City Housing Authority - 32	Westwood Community Services District - 6
Upper Lake Fire Protection District - 2	Wheeler Ridge-Maricopa Water Storage District - 45
Upper San Gabriel Valley Municipal Water District - 12	Wildomar Cemetery District - 3
Vacaville Fire Protection District - 8	Willow Creek Community Services District - 5
Vacaville-Elmira Cemetery District - 11	Willows Cemetery District - 4
Vallecitos Water District - 96	Wilton Fire Protection District - 2
Vallejo Sanitation and Flood Control District - 95	Windsor Fire Protection District - 13
Valley Center Municipal Water District - 77	Winterhaven Water District - 3
Valley County Water District - 23	Winters Cemetery District - 2
Valley Mountain Regional Center, Inc. - 393	Winters Fire Protection District - 8
Valley Sanitary District - 20	Woodbridge Rural County Fire Protection District - 36
Valley Springs Public Utility District - 3	Woodlake Fire District - 3
Valley of the Moon Water District - 23	Woodside Fire Protection District - 51
Valley-Wide Recreation and Park District - 87	Yolo County Communications Emergency Services Agency - 54
Vandenberg Village Community Services District - 12	Yolo County Federal Credit Union - 102
Ventura County Law Library - 7	Yolo County Housing Authority - 52
Ventura County Schools Business Services Authority - 13	Yolo County In-Home Supportive Services Public Authority - 6
Ventura County Schools Self-Funding Authority - 7	Yolo County Public Agency Risk Management Insurance Authority - 7
Ventura County Transportation Commission - 25	Yolo County Transportation District - 9
Ventura Port District - 42	Yolo-Solano Air Quality Management District - 30
Ventura River County Water District - 6	Yorba Linda Water District - 77
Veterans Home of California Post Fund - 26	Yuba County Water Agency - 30
Victor Valley Wastewater Reclamation Authority - 38	Yuba Sutter Transit Authority - 3
Victor Valley Water District - 58	Yucaipa Valley Water District - 70
Visalia Public Cemetery District - 10	Yuima Municipal Water District - 8
Vista Irrigation District - 115	

Total - 962

Judges' Retirement System Program Data

Primary Benefits

The Judges' Retirement System (JRS) was established in 1937. The operational activities of the JRS were transferred from the State Controller's Office to CalPERS in 1979. Benefits payable through the JRS are financed by the General Fund, the payroll contributions of members, and the State's contribution as an employer. Both employer and members contribute at the rate of 8 percent of compensation.

Membership

The Judges' Retirement System provides retirement, death, health, and dental benefits for Supreme and Appellate Court Justices, Superior Court Judges, and beneficiaries.

Service Retirement

Retirement Age

Members must be at least age 60 with 20 years of service, or age 70 with at least 10 years of service.

Retirement Benefit Formula

The retirement allowance is a percentage of the current salary of the last judicial office held and is increased proportionally with active judicial salaries. The allowance is based on a member's age and years of service as follows:

Age	Years of Service	Retirement Allowance
60–70	20	75%
66	18	65%
67	16	65%
68	14	65%
69	12	65%
70	10	65%

Judges can work as long as they want and receive their full pension of either 65 percent or 75 percent (depending on credited service). In addition, a surviving spouse benefit of at least one-half of the judge's allowance is provided.

Deferred Retirement

Judges are eligible for deferred retirement at any age if they have at least five years of service. However, judges are not paid the allowance until they reach the age they would be eligible for normal retirement if they had remained in office. A judge must be at least age 63, or age 60 with 20 years of service, to receive a retirement allowance. The allowance is based on years of service multiplied by a percentage of the judge's final salary — varying from 2 percent for five years to 3.75 percent for 12 or more years of service. The maximum benefit they can receive is 75 percent of salary.

Disability Retirement (Non-Work Related)

Judges must apply to the Commission on Judicial Performance to receive a disability retirement. There is no age requirement.

The service requirement is four years. The retirement allowance is 65 percent of the judge's final salary, or 75 percent of their final salary if the judge has 20 or more years of service.

Judges' Retirement System Program Data

Disability Retirement (Work Related)

Judges receive the same amount as those for a non-work related disability. Any person becoming a judge between January 1, 1980 and December 31, 1988, must have at least two years of judicial service; or after January 1, 1989, must have four years of judicial service, unless the disability is a result of injury or disease arising out of and in the course of judicial service.

Death Benefits (Before Retirement)

Not Eligible to Retire

Spouses can receive 25 percent of current active judges' salary for life or return of contributions plus one month's salary, for each year of service not to exceed six months; or the surviving spouse can elect a monthly allowance for life or until remarriage, if the judge had paid an extra \$2 per month and had 10 to 20 years of service. This allowance would be equal to 1.625 percent of the salary multiplied by the number of years of service.

Eligible to Retire

Spouses receive one-half of what the retirement allowance would have been if the judge had retired on date of death, or at any time while in office, a judge can elect to have their eligible surviving spouse or designated beneficiary receive an optional settlement benefit in the event of the judge's pre-retirement death.

Death Benefits (After Retirement)

Spouses receive one-half of the retirement pension for life, if the member retired with the standard retirement benefit formula, or on disability.

Judges may elect to take a reduced retirement allowance in order to enhance the survivor benefits to their spouse or a designated beneficiary.

Cost-Of-Living Adjustments (COLA)

The allowance increases are based on the current salary of an active judge. Retirees receive the same increase as active judges.

Membership & Retirement Data Three-Year Review

	2004	2003	2002
Active Judges & Former Judges on Deferred Retirement	983	1,039	1,125
Total Active & Deferred Members	983	1,039	1,125
Retired Members & Death Benefit Allowances			
Service Retirement	610	609	601
Disability Retirement	48	51	52
Deferred Retirement	672	667	654
Optional Settlement	154	120	92
Pre-Retirement Survivor	74	76	77
Total Allowances	1,558	1,523	1,476

Active Members & Former Judges on Deferred Retirement

Active	894
Deferred Retirement	89
Total Active & Deferred Members	983

Benefit Recipients by Retirement Type

Category	Retired Judges	Survivors & Beneficiaries	Total
Service Retirement	315	295	610
Disability Retirement	48	—	48
Deferred Retirement	534	138	672
Optional Settlement	130	24	154
Pre-Retirement Survivor	N/A	74	74
Total	1,027	531	1,558

Benefit Payments by Type

Category	Amount Paid
Service Retirement	\$93,354,479
Disability Retirement	4,659,806
Beneficiary Death Benefits/Life Allowance	23,622,056
Total	\$121,604,341

Judges' Retirement System II Program Data

Primary Benefits

The Judges' Retirement System II (JRS II) was established in 1994 to create a fully funded, actuarially-sound retirement system for judges appointed or elected on or after November 9, 1994. This system provides a unique combination of two basic types of retirement benefits: a defined benefit plan and a monetary credit plan. The defined benefit plan provides a lifetime monthly retirement allowance of up to 75 percent of final compensation. The monetary credit plan allows for a refund of member contributions, a portion of the employer contributions, and interest. Members contribute at the rate of 8 percent of compensation.

Membership

The JRS II provides retirement, death, health, and dental benefits for Supreme, Appellate Court Justices, and Superior Court Judges, first appointed or elected after November 9, 1994, and their beneficiaries.

Service Retirement

Retirement Age

Judges must be at least age 65 with 20 years of service or age 70 with a minimum of five years of service to receive the defined benefit plan. Judges must have at least five years of service to receive the monetary credit plan.

Retirement Formula

Defined Benefit Plan

This option provides a "defined benefit" of 3.75 percent of the highest 12-month average salary per year of service, up to 75 percent for judges reaching age 65 with at least 20 years of service. Optional settlements are available which reduce a judge's retirement allowance to provide a lifetime benefit for a surviving spouse upon death of the judge.

Monetary Credit Plan

This option provides a cash payment in a single lump sum, or the member may elect to receive an annuity at retirement based on the accumulated contributions of the employee and the employer. To receive the annuity a judge must meet the minimum qualifications required under the defined benefit plan. Lifetime benefits are not provided under this plan.

Disability Retirement (Non-Work Related)

Judges who have five years of service and become permanently disabled because of a mental or physical disability may apply to the Commission on Judicial Performance for disability retirement.

An allowance is based on the judge's age and will be the amount equal to the lower of the following:

- the monthly benefit of 3.75 percent of the final compensation multiplied by the number of years of service the judge would have been credited had the judge continued to work until the age the judge would have first been eligible to retire, or
- 65 percent of the judge's average monthly salary during the 12 months preceding the retirement date.

Disability Retirement (Work Related)

Judges receive 65 percent of the judge's average monthly salary during the 12 months preceding the retirement date, regardless of age or length of service.

Judges' Retirement System II Program Data

Death Benefits (Before Retirement)

Eligible for the Defined Benefit Plan

Spouses receive either the monthly retirement allowance equal to one-half of the judge's "defined benefit" plan allowance or the judge's monetary credits. At any time while in office, a judge may make an irrevocable election for their eligible surviving spouse to receive the maximum survivor benefit (Option 2) in the event of the judge's pre-retirement death.

Eligible for the Monetary Credit Plan

Spouses receive the judge's monetary credits or three times the annual salary at the time of death, whichever is greater.

Death Benefits (After Retirement)

Defined Benefit Plan

Judges retiring on the defined benefit plan are offered the choice of one of four optional settlement benefits to increase the survivor benefits to their eligible surviving spouse.

Monetary Credit Plan

If the judge elected to receive the monetary credit plan in a lump sum, there are no survivor benefits. If the judge elected monetary credit plan in an annuity, the spouse receives a lump sum payment of the remaining funds at the time of the judge's death.

Cost-Of-Living Adjustments (COLA)

The retirement allowance of retired judges who have elected the Defined Benefit Plan will be adjusted every January after the judge has been retired six months. The adjustment is based on the United States city average of the "Consumer Price Index For All Urban Consumers," as published by the United States Bureau of Statistics. This adjustment will not be less than 1 percent or more than 3 percent.

Membership & Retirement Data Three-Year Review

	2004	2003	2002
Active Judges	690	624	531
Total Members	690	624	531
Retired Members & Death Benefit Allowances			
Service Retirement	—	—	—
Disability Retirement	—	—	—
Optional Settlement	—	—	—
Pre-Retirement Survivor	4	3	1
Total Allowances	4	3	1

Active Judges

Active	690
Total Members	690

Benefit Recipients by Retirement Type

Category	Retired Judges	Survivors & Beneficiaries	Total
Service Retirement	1	—	1
Disability Retirement	1	—	1
Optional Settlement	—	—	—
Pre-Retirement Survivor	N/A	4	4
Total	2	4	6

Benefit Payments by Type

Category	Amount Paid
Service Retirement	\$ —
Disability Retirement	—
Beneficiary Death Benefits	584,375
Beneficiary Death Benefits/Life Allowance	—
Total	\$584,375

Legislators' Retirement System Program Data

Primary Benefits

CalPERS has administered the Legislators' Retirement System (LRS) since its inception in 1947. The duties of the Board with respect to administering the LRS are the same as for CalPERS on such items as determining membership and benefit rights, making investments, crediting interest, and obtaining information necessary for administration.

Benefits payable by the LRS are financed through member contributions, the State's contribution as an employer, and interest earned on investments. The employer statutory contribution rate was eliminated in January 2000, and the CalPERS Board is now authorized to establish actuarially determined rates.

When the actuarial value of the assets exceeds the present value of benefits, resulting in a 0 percent employer contribution rate, the Board may reduce the member contribution rates for the same fiscal year in which the State rate is 0 percent. For fiscal year 2004-05, the Board has determined that both the employer rate and the member rate will be 0 percent. Interest credited to the member's accounts is the net earnings rate of investments.

Proposition 140

Proposition 140, the Political Reform Act of 1990, requires that Legislators (Senators and Members of the Assembly) first elected after November 7, 1990 participate in the federal Social Security program and in no other retirement system.

Membership

Members of the Legislature serving prior to November 7, 1990, elected Constitutional Officers, and Legislative Statutory Officers are eligible for benefits.

Service Retirement

Retirement Age

The retirement age is 60, with four or more years of service credit, or any age with 20 or more years. The retirement age for Legislative Statutory Officers is 55, or any age with 20 years or more of service credit.

Members of the Legislature Benefit Formula

The retirement formula consists of three separate formulas that are totaled together to provide the members with their allowance. The first part of the formula consists of 5 percent of the first \$500 of salary up to 15 years of service. The second part is 3 percent per year of the same \$500 of salary for years in excess of 15 years. And finally, total years of service is multiplied by 3 percent per year of their salary above \$500. In no case may a member receive more than two-thirds of their salary.

Constitutional Officers' Benefit Formula

Five percent per year of service up to eight years (40 percent) of their highest salary. If the member has 24 or more years of service, the retirement allowance is 60 percent of their final salary.

Statutory Officers' Benefit Formula

Statutory Officers receive 3 percent per year of service, not to exceed 66 percent of final monthly compensation.

Early Retirement Options for Members of the Legislature & Constitutional Officers

Legislators and Constitutional Officers may retire before age 60 with 15 years of service. However, their retirement allowance is reduced by 2 percent for each year they retire before age 60.

Legislators' Retirement System Program Data

Disability Retirement

Disability retirement uses the same formula as service retirement. There is no reduction if retirement is before age 60 for members of the Legislature.

Death Benefits (Before Retirement)

Not Eligible to Retire

One month's salary for each year of service, plus the return of the member's contributions with interest payable to a survivor.

Eligible to Retire

If the member has elected one of the optional settlements, their beneficiary will receive the benefit provided by the option selected, calculated as if the date of death had been the date of retirement. In lieu of this benefit, the beneficiary may elect an allowance of one-half the unmodified retirement allowance, payable until death or remarriage.

Death Benefits While in Office

Beneficiaries receive a lump sum benefit in an amount equal to the annual compensation of an LRS member during the 12 months preceding the member's death, regardless of whether the member was eligible to retire.

Death Benefits (After Retirement)

Members choose between one of four options. The level of survivor benefit is based on the option chosen, without a reduction in allowance for members of the Legislature, Constitutional Officers, and Statutory Officers receive a reduced allowance based on their age at time of retirement and the option they choose. Beneficiaries also receive a \$600 lump sum payment.

Cost-Of-Living Adjustments (COLA)

The annual COLA is determined by the Consumer Price Index.

Legislators' Retirement System Program Data

Membership & Retirement Data Three-Year Review

	2004	2003	2002
Active & Inactive Members			
Members of the Legislature	35	38	47
Constitutional Officers	18	18	15
Legislative Statutory Officers	4	4	4
Total Members	57	60	66
Retired Members & Death Benefit Allowances			
Members of the Legislature			
Service	221	219	219
Disability	7	7	7
Pre-Retirement Option 2	—	2	2
Total Members of the Legislature	228	228	228
Constitutional Officers			
Service	25	26	25
Disability	1	1	1
Pre-Retirement Option 2	2	2	2
Total Constitutional Officers	28	29	28
Legislative Statutory Officers			
Service	6	7	7
Disability	—	—	—
Pre-Retirement Option 2	—	—	—
Total Legislative Statutory Officers	6	7	7
Total Allowances	262	264	263

Legislators' Retirement System Program Data

Active & Inactive Members

Category	Active	Inactive	Total
Members of the Legislature	4	31	35
Constitutional Officers	9	9	18
Legislative Statutory Officers	4	—	4
Total Members	17	40	57

Benefit Payments by Type

Category	Amount Paid
Service Retirement	\$6,652,387
Disability Retirement	194,306
Beneficiary Death Benefits	3,000
Beneficiary Death Benefits/Allowance	201,460
Total	\$7,051,153

Benefit Recipients by Type

Category	Retired Members	Survivors & Beneficiaries	Total
Members of the Legislature			
Service Retirement	126	95	221
Disability Retirement	3	4	7
Pre-Retirement Option 2	—	—	—
Total Members of the Legislature	129	99	228
Constitutional Officers			
Service Retirement	22	3	25
Disability Retirement	1	—	1
Pre-Retirement Option 2	—	2	2
Total Constitutional Officers	23	5	28
Legislative Statutory Officers			
Service Retirement	3	3	6
Disability Retirement	—	—	—
Pre-Retirement Option 2	—	—	—
Total Legislative Statutory Officers	3	3	6
Total	155	107	262

Volunteer Firefighters' Length of Service Award System Program Data

Primary Benefits

The Volunteer Firefighters' Length of Service Award System, administered through CalPERS, was established in 1980 as a way for fire departments to offer their volunteers monetary acknowledgment for their service. A fire department contracts with CalPERS to handle the administration of length of service benefits to its volunteers who follow the program guidelines. All costs for the program are paid for by department contributions. There are no contributions from volunteers. An actuarial valuation is conducted at the start of the contract to determine the contributions required.

Service Awards

A volunteer member with 20 or more years of service credit can receive \$1,200 annually for life (paid in monthly installments). The minimum award a volunteer can receive is \$600 annually for life for 10 years of service. A \$3,000 lump sum death benefit is payable to the named beneficiary of any member of the System with 10 or more years of service. It is also payable to the named beneficiary of an award recipient. The death does not have to be the result of an in-the-line-of-duty accident.

Membership Data Three-Year Review

	2004	2003	2002
Active/Inactive Firefighters	3,553	3,483	3,294
Firefighters Receiving Awards	80	70	58
Total Members	3,633	3,553	3,352

Active & Inactive Members

Active/Inactive Firefighters	3,553
Firefighters Receiving Awards	80
Total Members	3,633

Benefit Payments by Type

Category	Amount Paid
Award Payments	\$58,855

Volunteer Firefighters' Length of Service Award System Program Data

Participating Agencies

American Canyon Fire Protection District	North Central Fire Protection District
Bethel Island Fire Protection District	Olancho-Cartago Fire Department
Boulder Creek Fire Department	Orange County Fire Department
Cambria Fire Department	Palomar Mountain Volunteer Fire Department
Ceres Department of Public Safety	Placerville Fire Department, City of
Chico Fire Department	Pleasant Valley Fire Protection District
Clearlake Oaks Fire Protection District	Pollock Pines/Camino Volunteer Fire Association
Coalinga Fire Department	Red Bluff Fire Department, City of
Coloma-Lotus Volunteer Fire Association	Ross Valley Fire Protection District
Columbia Fire Protection District	Sacramento Metropolitan Fire District
Corcoran Volunteer Fire Department	Samoa Peninsula Fire Protection District
Cresten Volunteer Fire Department	San Mateo County Fire Department
Diamond Springs Fire Department	San Ramon Valley Fire Protection District
El Dorado County Fire Protection District	Scott Valley Fire Protection District
Fairfield Volunteer Fire Department	Sebastopol Fire Protection District
Foothill Volunteer Fire Department	Shasta County Fire Department
Fort Dick Fire Protection District	Shasta Lake Fire Protection District
Georgetown Volunteer Fire Department	Shingle Springs Fire Department
Gonzales Volunteer Fire Department	Sierra Madre Fire Department
Grass Valley Fire Department	South Placer Fire Protection District
Hammond Ranch Fire Company	St. Helena Volunteer Fire Department
Humboldt No. 1 Fire Department District	Susan River Fire Protection District
Idyllwild Fire Protection District	Sutter Creek Fire Protection District
Julian Cuyamaca Fire Protection District	Templeton Community Service District - Fire Department
Kentfield Fire Protection District	Town of Paradise Fire Department
Lakeshore Fire Protection District	Truckee Fire Protection District
Latrobe Fire Protection District	Valley of the Moon Fire Protection District
Long Valley Fire Protection District	Willow Creek Volunteer Fire Department
Los Banos Fire Department, City of	Willows Fire Department
Marysville Fire Department	Woodland Fire Department
Mt. Laguna Volunteer Fire Department	

Total - 61

Other Programs

creating homes

Our extensive investment in real estate development continues to provide solid returns, while having an economic ripple effect throughout the State. New housing construction is a vital part of our State's economy. We are pleased to be able to invest in such projects for the benefit of our members, our employer groups, and all Californians.

Health Benefits Program

Enrollments by Health Plan

	Basic			Supplemental			Total Enrollments
	Active	Retired	Total	Active	Retired	Total	
Blue Shield California	147,124	19,514	166,638	13	14,920	14,933	181,571
CAHP	5,819	2,149	7,968	0	1,585	1,585	9,553
CCPOA	5,496	511	6,007	0	81	81	6,088
Kaiser California	130,290	24,517	154,807	34	32,475	32,509	187,316
Kaiser/Out-of-State	48	523	571	0	697	697	1,268
PERS Choice	65,459	18,408	83,867	12	14,067	14,079	97,946
PERSCare	10,302	5,944	16,246	26	36,661	36,687	52,933
PORAC	3,046	1,107	4,153	0	326	326	4,479
Western Health Advantage	3,220	167	3,387	0	229	229	3,616
Total	370,804	72,840	443,644	85	101,041	101,126	544,770

Five-Year Enrollments

	2004	2003	2002	2001	2000
Total Covered Lives — Employees, Annuitants, & Dependents	1,200,668	1,240,595	1,249,175	1,204,860	1,140,984
Total Prime Lives — Employees & Annuitants	544,770	559,459	560,668	536,208	504,478

Basic & Supplemental Health Plan Enrollments

Plan Type	Basic			Supplemental			Total Enrollments
	Active	Retired	Total	Active	Retired	Total	
PPO	75,761	24,352	100,113	38	50,728	50,766	150,879
HMO	280,682	44,721	325,403	47	48,321	48,368	373,771
Association	14,361	3,767	18,128	0	1,992	1,992	20,120
Total	370,804	72,840	443,644	85	101,041	101,126	544,770

Health Benefits Program

Participating Public Agency Summary

	2004	2003
Counties	29	29
Cities	304	314
Districts & Other Public Agencies	695	692
School Districts	114	114
Total	1,142	1,149

Participating Public Agencies by Type

Total number of CalPERS Health Benefit Program members for each agency follows its name.

Counties

Amador - 89	Placer - 2,857
Butte - 1,998	Plumas - 112
Colusa - 359	Riverside - 870
Contra Costa - 1,127	San Benito - 204
Glenn - 483	San Luis Obispo - 2,385
Humboldt - 1,662	Santa Cruz - 2,479
Inyo - 503	Shasta - 1,192
Lake - 794	Siskiyou - 690
Lassen - 359	Solano - 1,621
Madera - 1,199	Trinity - 519
Mariposa - 436	Tuolumne - 108
Modoc - 112	Yolo - 1,615
Mono - 324	Yuba - 820
Monterey - 3,795	Total - 29
Napa - 748	
Nevada - 1,195	

Cities

Agoura Hills - 41	Baldwin Park - 252
Alameda - 818	Barstow - 215
Albany - 95	Bell - 144
Alhambra - 421	Bellflower - 115
Aliso Viejo - 0	Belmont - 149
American Canyon - 51	Belvedere - 26
Angels - 37	Beverly Hills - 981
Antioch - 369	Biggs - 9
Arcadia - 335	Bishop - 75
Arroyo Grande - 120	Blythe - 123
Artesia - 48	Brawley - 154
Atherton - 57	Brea - 418
Atwater - 119	Brentwood - 248
Auburn - 89	Brisbane - 93
Avalon - 67	Buellton - 16
Avenal - 3	Buena Park - 481
Azusa - 238	Burbank - 1,054

Cities

Burlingame - 468	Fairfax - 34
Calabasas - 77	Farmersville - 30
California City - 45	Firebaugh - 40
Calimesa - 1	Folsom - 568
Calistoga - 51	Fort Jones - 3
Camarillo - 134	Foster-Elected Officials - 0
Campbell - 171	Fountain Valley - 334
Canyon Lake - 3	Fremont - 784
Capitola - 49	Fullerton - 120
Carlsbad - 649	Garden Grove - 738
Carmel-By-The-Sea - 56	Gilroy - 270
Carpinteria - 33	Glendora - 175
Carson - 458	Goleta - 23
Cathedral City - 213	Gonzales - 31
Cerritos - 341	Grass Valley - 113
Chino - 235	Gridley - 49
Chino Hills - 23	Guadalupe - 33
Citrus Heights - 36	Half Moon Bay - 50
Claremont - 171	Hanford - 190
Clayton - 21	Hawaiian Gardens - 72
Coachella City - 35	Hawthorne - 439
Colma - 51	Hayward - 1,167
Colton - 64	Hercules - 66
Colusa - 38	Hesperia - 61
Commerce - 263	Hidden Hills - 3
Compton - 768	Highland - 23
Concord - 581	Hillsborough - 177
Corona - 820	Hollister - 78
Coronado - 216	Hughson - 15
Corte Madera - 85	Huntington Beach - 0
Costa Mesa - 733	Huntington Park - 302
Covina - 192	Imperial Beach - 51
Crescent City - 57	Indian Wells - 50
Cudahy - 28	Indio - 244
Culver City - 1,016	Ione - 12
Cupertino - 223	Irwindale - 117
Cypress - 205	Jackson - 38
Daly City - 651	King City - 51
Dana Point - 29	La Canada Flintridge - 24
Davis - 414	La Habra - 316
Del Rey Oaks - 9	La Habra Heights - 15
Diamond Bar - 37	La Mesa - 216
Dixon - 74	La Mirada - 116
Duarte - 70	La Palma - 75
Dublin - 93	La Puente - 54
El Cajon - 267	La Quinta - 74
El Monte - 427	Laguna Niguel - 48
El Segundo - 477	Laguna Woods - 7
Elk Grove - 23	Lake Elsinore - 88
Emeryville - 121	Lake Forest - 48
Encinitas - 188	Lakewood - 123
Escalon - 24	Larkspur - 91
Etna - 6	Lathrop - 65

Health Benefits Program

Cities

Lawndale - 40	Norwalk - 371	Rolling Hills Estates - 32	South El Monte - 44
Lemon Grove - 59	Novato - 164	Rosemead - 57	South Gate - 378
Lemoore - 70	Oakdale - 67	Roseville - 1,185	South Pasadena - 236
Lincoln - 153	Oakland - 6,415	Ross - 22	Stanton - 58
Live Oak - 14	Oceanside - 112	Salinas - 535	Suisun City - 60
Lodi - 545	Ojai - 38	San Anselmo - 73	Sunnyvale - 1,403
Loma Linda - 65	Ontario - 1,157	San Carlos - 143	Sutter Creek - 15
Lomita - 56	Orange - 711	San Clemente - 182	Temecula - 100
Lompoc - 387	Orinda - 33	San Dimas - 63	Temple City - 60
Loomis - 8	Orland - 31	San Fernando - 215	Thousand Oaks - 519
Los Alamitos - 77	Oxnard - 547	San Francisco City & County - 126	Tiburon - 44
Los Altos - 141	Pacific Grove - 110	San Gabriel - 174	Torrance - 811
Los Altos Hills - 22	Pacifica - 71	San Jacinto - 1	Tracy - 204
Los Banos - 182	Palm Desert - 165	San Juan Capistrano - 97	Tustin - 294
Los Gatos - 181	Palm Springs - 138	San Leandro - 551	Twentynine Palms - 33
Lynwood - 262	Palmdale - 304	San Luis Obispo - 293	Ukiah - 79
Malibu - 45	Palo Alto - 1,612	San Marcos - 55	Union City - 254
Mammoth Lakes - 77	Paradise - 126	San Marino - 131	Upland - 148
Manhattan Beach - 269	Paramount - 125	San Mateo - 837	Vacaville - 673
Manteca - 358	Pasadena - 904	San Pablo - 150	Vallejo - 916
Marina - 80	Patterson - 43	San Rafael - 605	Villa Park - 5
Martinez - 62	Perris - 80	Sand City - 7	Weed - 0
Maywood - 82	Petaluma - 326	Santa Ana - 1,215	West Covina - 460
Menlo Park - 287	Pico Rivera - 217	Santa Clara - 1,090	West Hollywood - 191
Millbrae - 128	Piedmont - 99	Santa Clarita - 227	West Sacramento - 79
Milpitas - 421	Pinole - 140	Santa Cruz - 853	Westlake Village - 8
Mission Viejo - 76	Pismo Beach - 61	Santa Fe Springs - 357	Westminster - 411
Modesto - 175	Placerville - 85	Santa Maria - 349	Williams - 23
Montague - 5	Pomona - 942	Santa Monica - 249	Willows - 36
Monte Sereno - 4	Port Hueneme - 26	Santa Paula - 46	Winters - 19
Montebello - 567	Portola Valley - 11	Santa Rosa - 367	Woodlake - 24
Monterey - 365	Rancho Santa Margarita - 14	Saratoga - 67	Woodland - 357
Moorpark - 58	Redlands - 513	Sausalito - 77	Woodside - 14
Moreno Valley - 229	Redwood City - 743	Scotts Valley - 83	Yorba Linda - 105
Morgan Hill - 130	Reedley - 110	Seal Beach - 121	Yountville - 27
Morro Bay - 123	Rialto - 450	Selma - 112	Yreka - 41
Mt. Shasta - 28	Richmond - 1,175	Shasta Lake - 44	Yuba City - 59
Murrieta - 93	Ridgecrest - 72	Sierra Madre - 71	Yucaipa - 30
Napa - 83	Rio Vista - 53	Signal Hill - 165	Yucca Valley - 44
Newark - 176	Riverbank - 47	Solana Beach - 29	
Newport Beach - 617	Rocklin - 280	Solvang - 36	
Norco - 147	Rolling Hills - 7		

Total - 304

Health Benefits Program

Districts & Other Public Agencies

Academic Senate for California Community Colleges - 3	Bennett Valley Fire Protection District - 3
Agoura Hills and Calabasas Community Center - 9	BETA Healthcare Group Risk Management Authority - 54
Alameda Corridor Transportation Authority - 16	Big Bear Area Regional Wastewater Agency - 17
Alameda County Congestion Management Agency - 6	Big Bear City Airport District - 5
Alameda County Fire Department - 342	Big Bear City Community Services District - 76
Alameda County Law Library - 16	Black Gold Cooperative Library System - 10
Alameda County Mosquito Abatement District - 27	Blanchard/Santa Paula Public Library District - 9
Alameda County Schools Insurance Group - 3	Bodega Bay Fire Protection District - 13
Alameda County Transportation Authority - 10	Bonita-Sunnyside Fire Protection District - 23
Alameda County Waste Management Authority - 35	Boulder Creek Fire Protection District - 2
Alameda County Water District - 320	Branciforte Fire Protection District - 4
Albany Municipal Services Joint Powers Authority - 19	Brannan-Andrus Levee Maintenance District - 2
Alhambra Redevelopment Agency - 4	Buena Park Library District - 28
Aliso Water Management Agency - 0	Burney Cemetery District - 2
Alliance of Schools for Cooperative Insurance Programs - 14	Butte County Air Quality Management District - 11
Alpine Springs County Water District - 3	Butte County In-Home Supportive Services Public Authority - 0
Altadena Library District - 36	Butte County Law Library - 1
Amador Water Agency - 51	Butte County Superior Court - 101
American Canyon Fire District - 16	Cal Poly Pomona Foundation, Inc. - 239
Anderson Cemetery District - 2	Calaveras County Superior Court - 20
Anderson Fire Protection District - 12	Calaveras County Water District - 66
Antelope Valley Mosquito and Vector Control District - 7	Calaveras Public Utility District - 4
Apple Valley Fire Protection District - 60	California Administrative Services Authority - 72
Aptos/La Selva Fire Protection Agency - 48	California Authority of Racing Fairs - 10
Arbuckle-College City Fire Protection District - 3	California Bear Credit Union - 32
Arcade Water District - 0	California Beef Council - 2
Arcata Fire Protection District - 24	California Dried Plum Board - 6
Area 12 Agency on Aging - 16	California Fair Services Authority - 37
Arrowbear Park County Water District - 7	California Fairs Financing Authority - 36
Arroyo Grande District Cemetery - 4	California Interscholastic Federation, Central Coast Section - 1
Associated Students California State University, San Bernardino - 4	California Interscholastic Federation, North Coast Section - 5
Association of Bay Area Governments - 64	California Interscholastic Federation, Northern Section - 1
Association of Monterey Bay Area Governments - 7	California Interscholastic Federation, Sac-Joaquin Section - 3
Atascadero Cemetery District - 5	California Interscholastic Federation, San Diego Section - 8
Auburn Public Cemetery District - 9	California Interscholastic Federation, Southern Section - 19
Aztec Shops, Ltd., San Diego University - 111	California Interscholastic Federation, State Office - 12
Banning-Cabazon Cemetery District - 0	California Joint Powers Insurance Authority - 23
Bardsdale Cemetery District - 1	California Joint Powers Risk Management Authority - 0
Bay Area Air Quality Management District - 435	California Maritime Academy Foundation, Inc. - 0
Bay Area Library and Information System - 2	California Municipal Utilities Association - 6
Bay Area Water Supply and Conservation Agency - 5	California State and Federal Employees No. 20 Credit Union - 9
Beach Cities Health District - 37	California State Los Angeles University, Auxiliary Service - 204
Bear Mountain Recreation and Park District - 3	California State University, Bakersfield Foundation - 65
Beaumont District Library - 6	California State University, Fresno Association, Inc. - 171
Beaumont Public Cemetery District - 0	California State University, Fresno Athletic Corporation - 71
Beaumont-Cherry Valley Recreation and Park District - 1	California State University, Long Beach Foundation - 164
Beaumont-Cherry Valley Water District - 0	California State University, Los Angeles, USU Board - 17
Bella Vista Water District - 27	California State University, Stanislaus Auxiliary and Business Services - 52
Belvedere-Tiburon Joint Recreation - 1	Calleguas Municipal Water District - 80
Belvedere-Tiburon Library Agency - 9	Camarillo Health Care District - 15
Ben Lomond Fire Protection District - 0	Cambria Cemetery District - 1
Benicia City Housing Authority - 12	Cambria Community Healthcare District - 4

Health Benefits Program

Districts & Other Public Agencies

Cambria Community Services District - 46	Cooperative Personnel Services - 173
Cameron Park Community Services District - 14	Corning Water District - 5
Capistrano Bay Community Services District - 5	Cottonwood Cemetery District - 2
Capitol Area Development Authority - 47	Cottonwood Fire Protection District - 3
Carmel Highlands Fire Protection District of Monterey County - 1	Crescent City Harbor District - 21
Carmel Valley Fire Protection District - 15	Crestline Lake Arrowhead Water Agency - 12
Carmel/Carmel Valley/Big Sur Ambulance - 7	Crockett-Valona Sanitary District - 1
Carpinteria Public Cemetery District - 1	CSAC Excess Insurance Authority - 18
Castaic Lake Water Agency - 76	CSU Chico, Associated Students - 86
Castro Valley County Fire Protection District - 24	CSU Chico, Research Foundation - 115
Castro Valley Sanitary District - 23	Cutler-Orosi Joint Powers Wastewater Authority - 0
Castroville Water District - 5	Cuyama Valley Recreation District - 0
Cayucos Sanitary District - 3	Cypress Recreation and Park District - 1
Cayucos-Morro Bay Cemetery District - 2	Dairy Council of California - 35
Central Contra Costa Transit Authority - 258	Davis Cemetery District - 3
Central Fire Protection District of Santa Cruz County - 90	Deer Springs Fire Protection District - 2
Central Marin Sanitation Agency - 40	Del Mar Manor Water District - Directors - 1
Central Plumas Recreation and Park District - 2	Del Norte County Library District - 5
Central Sierra Child Support Agency - 0	Del Norte Healthcare District - 4
Central Valley Fire Protection District - 0	Del Paso Manor Water District - 3
Central Valley Regional Center, Inc. - 300	Del Puerto Water District - 3
Channel Islands Beach Community Services District - 7	Del Rey Community Services District - 7
Chester Fire Protection District - 2	Delta Vector Control District - 16
Chester Public Utility District - 5	Denair Community Services District - 3
Chico Area Recreation and Park District - 27	Desert Healthcare District - 15
Chino Basin Watermaster - 5	Diamond Springs/El Dorado Fire Protection District - 29
Chino Valley Independent Fire District - 111	Dixon Housing Authority - 0
Chowchilla Cemetery District - 5	Dominguez Hills, CSU, Associated Students - 4
Christian Valley Park Community Service District - 0	Dominguez Hills, CSU, Associated Students, Child Development Center - 5
Clear Creek Community Services District - 0	Dominguez Hills Foundation, California State University - 75
Clearlake Oaks County Water District - 0	Donald P. and Katherine B. Loker University Student Union, Inc. - 10
Cloverdale Citrus Fair - 0	Dougherty Regional Fire Authority - 15
Coachella Valley Association of Governments - 15	Dublin San Ramon Services District - 119
Coachella Valley Public Cemetery District - 7	Dunnigan Water District - 3
Coalinga-Huron Recreation and Park District - 10	East Bay Dischargers Authority - 6
Coastal Animal Services Authority - 7	East Bay Regional Park District - 52
Coastal Developmental Services Foundation DBA Westside Regional Center - 188	East Diablo Fire District - 44
Coastal Municipal Water District - 0	East Kern Airport District - 39
Coastal San Luis Resource Conservation - 0	East Palo Alto Sanitary District - 4
Colusa Mosquito Abatement District - 4	East Quincy Services District - 5
Community College League of California - 14	East Valley Water District - 66
Compton Creek Mosquito Abatement District - 1	Eastern Municipal Water District - 546
Concord, City of - Retirement System - 49	Eastern Plumas Health Care District - 170
Conejo Recreation and Park District - 87	Eastern Sierra Community Services District - 5
Consolidated Area Housing Authority of Sutter County - 30	Ebbetts Pass Fire Protection District - 18
Contra Costa County Law Library - 7	El Camino Irrigation District - 4
Contra Costa County Schools Insurance Group - 20	El Dorado County Fire Protection District - 92
Contra Costa Fire Protection District - 576	El Dorado County Transportation Commission - 5
Contra Costa Mosquito Vector Control District - 28	El Dorado Hills Community Services District - 10
Contra Costa Special Education Local Plan Area - 12	El Dorado Hills County Water District - 55
Contra Costa Transportation Authority - 13	El Dorado Irrigation District - 282

Health Benefits Program

Districts & Other Public Agencies

Elk Grove Community Services District - 177	Hayward, California State University, Auxiliary Foundation, Inc. - 153
Emeryville Redevelopment Agency - 0	Heartland Communications Facility Authority - 4
Encinitas Fire Protection District - 28	Heritage Ranch Community Services District - 9
Encinitas Sanitary District - 1	Hesperia County Water District - 22
Esparto Community Services District - 0	Hesperia Fire Protection District - 37
Estero Municipal Improvement District - 233	Hesperia Recreation and Park District - 26
Fair Oaks Cemetery District - 4	Hidden Valley Lake Community Services District - 10
Fair Oaks Fire District - 0	Higgins Area Fire Protection District - 11
Fair Oaks Recreation and Park District - 19	Hilton Creek Community Services District - 2
Fairfield-Suisun Sewer District - 20	Housing Authority of the City of Eureka - 0
Fall River Mills Community Services District - 2	Housing Authority of the City of Los Angeles - 655
Fallbrook Healthcare District - 5	Housing Authority of the County of Santa Cruz - 73
Feather River Air Quality Management District - 7	Hub Cities Consortium - 34
Feather Water District - 3	Humboldt County Association of Governments - 2
Felton Fire Protection District - 2	Humboldt County Superior Court - 80
Fern Valley Water District - 4	Humboldt No. 1 Fire Protection District of Humboldt County - 17
Florin County Water District - 7	Humboldt State College University Center - 62
Foothill/Eastern Transportation Corridor Agency - 76	Humboldt Transit Authority - 38
Foresthill Public Utility District - 14	Idyllwild Fire Protection District - 15
Forestville Fire Protection District - 6	Indian Valley Health Care District - 60
Fort Bragg Fire Protection Authority - 4	Inland Empire Utilities Agency - 200
Fort Ord Reuse Authority - 11	Inland Empire West Resource Conservation District - 2
Forty-Niner Fire Protection District - 0	Intelcom Intelligent Telecommunications - 31
Fresno County Law Library - 6	Inverness Public Utility District - 6
Fresno Irrigation District - 69	Ironhouse Sanitary District - 33
Fresno-Madera Area Agency on Aging - 34	Irvine Ranch Water District - 308
Fruitridge Fire Protection District - 4	Jamestown Sanitary District - 6
Fullerton, California State University, Associated Students - 56	Judicial Council - 0
Fulton-El Camino Recreation and Park District - 18	Jurupa Community Services District - 65
Galt Fire Protection District - 26	Kanawha Water District - 4
Galt-Arno Cemetery District - 2	Kensington Community Service District - 18
Georgetown Fire Protection District - 13	Kensington Fire Protection District - 10
Gilsizer County Drainage District - 3	Kentfield Fire Protection District - 21
Glen Ellen Fire Protection District - 6	Kenwood Fire Protection District - 3
Glenn County Mosquito and Vector Control District - 2	Kern County Council of Governments - 20
Glenn County Superior Court - 17	Kern County Housing Authority - 147
Glenn-Colusa Irrigation District - 0	Kern County Law Library - 2
Gold Ridge Fire Protection District - 4	Kern Regional Center - 166
Golden Sierra Job Training Agency - 43	Kingsburg Cemetery District - 6
Goleta Cemetery District - 6	Kirkwood Meadows Public Utilities District - 12
Goleta West Sanitary District - 13	Lake Don Pedro Community Services District - 11
Great Basin Unified Air Pollution Control District - 26	Lake Hemet Municipal Water District - 63
Greater Anaheim Special Education Local Plan Area - 17	Lake Valley Fire Protection District - 28
Greater Los Angeles County Vector Control District - 55	Lakeside Fire Protection District - 98
Gridley Biggs Cemetery District - 5	Las Gallinas Valley Sanitary District of Marin County - 26
Grossmont Healthcare District - 11	Lassen County Superior Court - 10
Grossmont Schools Federal Credit Union - 16	Leucadia Wastewater District - 22
Guerneville Fire Protection District - Elect - 0	Levee District No. 1 of Sutter County - 0
Half Moon Bay Fire Protection District - 64	Linda Fire Protection District - 10
Hamilton Branch Fire Protection District - 1	Linden-Peters Rural County Fire Protection District - 13
Hamilton City Community Services District - 3	Littlerock Creek Irrigation District - 6
Harbor Developmental Disabilities Foundation - 188	

Health Benefits Program

Districts & Other Public Agencies

Live Oak Cemetery District - 2
Livermore/Amador Valley Transit Authority - 12
Local Agency Formation Commission of
San Luis Obispo County - 1
Local and Sub-Regional Government Services Authority - 13
Lompoc Cemetery District - 6
Lompoc Healthcare District - 246
Long Beach State University, Associated Students - 48
Long Beach State University, Forty-Niner Shops, Inc. - 81
Los Angeles County Area 'E' Civil Defense and
Disaster Board - 1
Los Angeles County Housing Authority - 40
Los Angeles County Law Library - 56
Los Angeles County Sanitation District No. 2 - 2,438
Los Angeles County West Vector Control District - 34
Los Angeles Memorial Coliseum Commission - 42
Los Osos Community Services District - 20
Lower Tule River Irrigation District - 36
Lumberjack Enterprises, Inc. - 0
Madera Cemetery District - 24
Madera County Economic Development Commission - 0
Majestic Pines Community Services District - 2
Mammoth Lakes Fire District - 7
Management of Emeryville Services Authority - 103
March Joint Powers Authority - 5
Marin County Housing Authority - 69
Marin County Sanitary District No. 1 - 20
Marin Healthcare District - 1
Marin Municipal Water District - 359
Marinwood Community Services District - 30
Maxwell Public Utility District - 1
Mayers Memorial Hospital District - 145
McCloud Community Services District - 15
Meadow Vista County Water District - 5
Mendocino Coast Hospital District - 235
Menlo Park Fire Protection District - 128
Merced County Housing Authority - 63
Mesa Consolidated Water District - 52
Metropolitan Cooperative Library System - 16
Metropolitan Transportation Commission - 151
Metropolitan Water District of Southern California - 2,971
Mid-Carmel Valley Fire Protection District - 13
Midpeninsula Regional Open Space District - 69
Midway City Sanitary District - 43
Midway Heights Water District - 1
Millville Masonic and Odd Fellows Cemetery District - 1
Mission Valley Regional Occupation Program - 33
Mojave Desert Air Quality Management - 25
Mojave Water Agency - 30
Monte Vista County Water District - 24
Montecito Fire Protection District - 77
Monterey Bay Unified Air Pollution Control District - 29
Monterey Bay, CSU, Foundation - 84
Monterey County Law Library - 1
Monterey County Superior Court - 150
Monterey County Water Resources Agency - 60
Monterey Peninsula Airport District - 40
Monterey Peninsula Regional Park District - 11
Monterey-Salinas Transit - 190
Moraga Fire Protection District - 0
Moraga-Orinda Fire Protection District - 122
Morongo Basin Transit Authority - 18
Moss Landing Harbor District - 7
Mother Lode Job Training Agency - 23
Mt. View Sanitary District of Contra Costa County - 14
Mt. Diablo Health Care District - 3
Mt. San Antonio College Auxiliary Services - 66
Muir Beach Community Services District - 2
Murrieta County Water District - 17
Murrieta Fire Protection District - 38
Napa County Mosquito Abatement District - 11
Napa Sanitation District - 69
Nevada Cemetery District - 3
Nevada County Consolidated Fire District - 30
Newport Beach City Employees Federal Credit Union - 5
Nipomo Community Services District - 11
North Bay Regional Center - 160
North Bay Schools Insurance Authority - 15
North Coast Railroad Authority - 2
North Coast Unified Air Quality Management District - 14
North County Fire Protection District of Monterey County - 42
North County Fire Protection District of San Diego County - 68
North County Transit District - 402
North Delta Water District - 1
North Los Angeles County Regional Center, Inc. - 330
North Marin Water District - 79
North State Cooperative Library System - 10
North Tahoe Fire Protection District - 52
Northern California Power Agency - 193
Northern California Special Districts Insurance Authority - 3
Northern Salinas Valley Mosquito Abatement District - 0
Northern Sierra Air Quality Management District - 8
Northridge Water District - 0
Northridge, CSU, Associated Students - 33
Northstar Community Services District - 24
Novato Fire Protection District - 162
Novato Sanitary District - 38
Oak Hill Cemetery District - 3
Oakland City Housing Authority - 354
Ojai Valley Sanitary District - 24
Ophir Hill Fire Protection District - 2
Orange County Fire Authority - 289
Orinda Fire Protection District - 0
Orland Cemetery District - 0
Orland-Artois Water District - 5
Oro Loma Sanitary District - 72

Health Benefits Program

Districts & Other Public Agencies

Oroville Cemetery District - 8	Reclamation District No. 1001 - 17
Oroville Mosquito Abatement District - 1	Reclamation District No. 1601 - 3
Oxnard Harbor District - 44	Reclamation District No. 1660 - 1
Pacific Fire Protection District - 15	Redway Community Services District - 0
Pajaro Valley Fire Protection Agency - 0	Regional Council of Rural Counties - 29
Pajaro Valley Public Cemetery District - 6	Regional Government Services Authority - 1
Palm Drive Health Care District - 115	Regional Water Authority - 6
Palm Ranch Irrigation District - 5	Rescue Fire Protection District - 7
Palm Springs Cemetery District - 4	Richardson Bay Sanitary District - 7
Palo Verde Valley District Library - 2	Rincon Del Diablo Municipal Water District - 33
Paradise Recreation and Park District - 15	Rio Linda Elverta Community Water District - 12
Paso Robles City Housing Authority - 12	Riverbank City Housing Authority - 2
Peardale Chicago Park Fire Protection District - 1	Riverdale Public Utility District - 1
Peninsula Library System - 24	Riverside County Air Pollution Control District - 0
Penn Valley Fire Protection District - 9	Riverside County Housing Authority - 3
Penryn Fire Protection District - 1	Riverside County Superior Court - 2
Pine Cove Water District - 3	Riverside County Transportation Commission - 29
Pinedale County Water District - 9	Riverside Transit Agency - 334
Pioneer Cemetery District - 4	Roseville Public Cemetery District - 10
Pixley Irrigation District - 12	Ross Valley Fire Service - 46
Placer Consolidated Fire Protection District - 24	Rubidoux Community Services District - 5
Placer County Cemetery District No. 1 - 5	Ruth Lake Community Services District - 1
Placer County Resource Conservation District - 1	Sacramento Area Council of Governments - 50
Placer County Superior Court - 105	Sacramento City Housing Authority - 419
Placer County Transportation Commission - 5	Sacramento County Fire Protection District - 0
Placer County Water Agency - 194	Sacramento County Public Law Library - 14
Planning and Service Area II Area Agency on Aging - 4	Sacramento Metropolitan Air Quality Management District - 47
Pleasant Valley Recreation and Park District - 40	Sacramento Metropolitan Cable Television Commission - 4
Plumas County Development Commission - 16	Sacramento Metropolitan Fire District - 1,047
Plumas Local Agency Formation Commission - 1	Sacramento Regional Fire/EMS Communications Center - 47
Point Montara Fire Protection District - 1	Sacramento Regional Transit District - 310
Pomona, California State Polytechnic University, Associated Students, Inc. - 37	Sacramento Suburban Water District - 61
Port San Luis Harbor District - 22	Sacramento Transportation Authority - 3
Princeton-Codora-Glenn Irrigation District - 5	Salida Fire Protection District - 11
Processing Strawberry Advisory Board - 4	Salinas Rural Fire District - 52
Processing Tomato Advisory Board - 5	Salton Community Services District - 27
Provident Irrigation District - 7	Samoa Peninsula Fire Protection District - 4
Public Agency Risk Sharing Authority of California - 4	San Andreas Regional Center, Inc. - 249
Public Entity Risk Management Authority - 5	San Andreas Sanitary District - 4
Quincy Cemetery District - 1	San Benito County Water District - 18
Quincy Community Services District - 5	San Bernardino County Housing Authority - 168
Rainbow Municipal Water District - 0	San Bernardino County Law Library - 8
Ramona Cemetery District - 6	San Bernardino County Transportation Authority - 0
Rancho Cucamonga Fire Protection District - 111	San Bernardino Economic Development Agency - 19
Rancho Murieta Community Services District - 36	San Bernardino, California State University, Foundation - 143
Rancho Simi Recreation and Park District - 81	San Bernardino, California State University, Student Union - 9
Reclamation District No. 70 - 7	San Diego Association of Governments - 141
Reclamation District No. 341 - 2	San Diego County Law Library - 47
Reclamation District No. 800 - 2	San Diego Metropolitan Transit Development Board - 53
Reclamation District No. 833 - 4	San Diego State University, Associated Students - 22
Reclamation District No. 900 - 8	San Diego Trolley, Inc. - 313
Reclamation District No. 1000 - 17	San Dieguito Water District - 26
	San Elijo Joint Powers Authority - 13

Health Benefits Program

Districts & Other Public Agencies

San Francisco Bay Area Rapid Transit District - 4,187	Scotts Valley Fire Protection District - 37
San Francisco City and County Housing Authority - 257	Scotts Valley Water District - 24
San Francisco City and County Redevelopment Agency - 215	Selma-Kingsburg-Fowler County Sanitation District - 35
San Francisco Community College District	Sewer Authority Mid-Coastside - 14
Bookstore Auxiliary - 21	Shasta Area Safety Communications Agency - 41
San Francisco County Transportation Authority - 13	Shasta Community Services District - 0
San Gabriel Valley Mosquito and Vector Control District - 10	Shasta County Superior Court - 15
San Geronio Pass Water Agency - 3	Shasta Dam Area Public Utility District - 0
San Jacinto Valley Cemetery District - 14	Shasta Mosquito and Vector Control District - 17
San Joaquin County Housing Authority - 160	Shasta Valley Cemetery District - 4
San Joaquin County Mosquito and Vector Control District - 45	Sierra Lakes County Water District - 8
San Joaquin Hills Transportation Corridor Agency - 0	Sierra Valley District Hospital - 0
San Jose State University Foundation - 315	Sierra-Sacramento Valley Emergency Medical Services Agency - 9
San Jose State University, Associated Students - 0	Siskiyou County Superior Court - 49
San Juan Water District - 57	Smith River Community Services District - 4
San Lorenzo Valley Water District - 20	Solano County Mosquito Abatement District - 14
San Luis Obispo - Cal Poly, Associated Students, Inc. - 68	Solano County Superior Court - 163
San Luis Obispo - Cal Poly, Foundation - 282	Solano County Water Agency - 3
San Luis Obispo Council of Governments - 9	Solano Transportation Authority - 15
San Luis Obispo County Pension Trust - 3	Sonoma State Enterprises, Inc. - 2
San Luis Obispo Regional Transit Authority - 6	Sonoma Student Union Corporation - 10
San Marcos, CSU, Foundation - 45	Sonoma Valley Healthcare District - 152
San Marcos Fire Protection District - 8	Soquel Creek Water District - 48
San Mateo County Resource Conservation District - 1	South Bay Regional Public Communications Authority - 54
San Mateo County Schools Insurance Group - 6	South Bayside System Authority - 65
San Mateo County Transit District - 829	South Coast Area Transit - 103
San Miguel Community Services District - 0	South County Fire Protection Authority - 83
San Miguel Consolidated Fire Protection District - 162	South East Regional Reclamation Authority - 0
San Pablo City Housing Authority - 3	South Feather Water and Power Agency - 78
San Ramon Valley Fire Protection District - 243	South Kern Cemetery District - 1
San Simeon Community Services District - 1	South Orange County Wastewater Authority - 64
Sanitary District No. 5 of Marin County - 7	South Placer Fire District - 49
Santa Barbara County Association of Governments - 17	South Placer Municipal Utility District - 22
Santa Barbara Coastal Vector Control District - 4	South San Luis Obispo County Sanitation District - 9
Santa Barbara County Law Library - 4	Southeast Area Social Services Funding Authority - 15
Santa Barbara Regional Health Authority - 74	Southern California Association of Governments - 135
Santa Clara County Health Authority - 96	Southern California Public Power Authority - 6
Santa Clara County Law Library - 2	Southern California Regional Rail Authority - 206
Santa Cruz Consolidated Emergency Communications	Southern Humboldt Community Health Care District - 61
Center - 54	Southern Inyo Healthcare District - 65
Santa Cruz County Law Library - 2	Southern San Joaquin Municipal Utility District - 28
Santa Cruz County Superior Court - 126	Spartan Shops, Inc. - 128
Santa Cruz Local Agency Formation Commission - 3	Squaw Valley Public Service District - 16
Santa Cruz Metropolitan Transit District - 396	Stanislaus County Housing Authority - 122
Santa Fe Irrigation District - 65	State Water Contractors - 7
Santa Maria Public Airport District - 9	Steger Sanitary District - 10
Santa Paula City Housing Authority - 12	Stinson Beach County Water District - 10
Santa Ynez River Water Conservation District,	Strawberry Recreation District - 6
Improvement District No. 1 - 16	Student Assistance Fund En., Business Ind. Dev. - 4
Saratoga Fire Protection District - 35	Student Union of San Jose State University - 26
Sausalito-Marín City Sanitary District - 13	Summit Cemetery District - 15
School Personnel Credit Union - 0	Sunnyslope County Water District - 13
Schools Excess Liability Fund - 6	Susanville Consolidated Sanitary District - 10

Health Benefits Program

Districts & Other Public Agencies

Sutter Cemetery District - 12	Veterans Home of California Post Fund - 14
Sweetwater Springs Water District - 12	Victor Valley Wastewater Reclamation Authority - 26
Sylvan Cemetery District - 5	Victor Valley Water District - 66
Tahoe City Fire Protection District - 0	Walton Fire Protection District - 0
Tahoe City Public Utility District - 46	Water Facilities Authority - 5
Tahoe-Truckee Sanitation Agency - 72	Weaverville Fire Protection District - 1
Temecula Public Cemetery District - 2	Weaverville Sanitary District - 0
Templeton Community Services District - 13	West Bay Sanitary District - 27
Thermalito Irrigation District - 9	West Cities Communication Center - 11
Three Arch Bay Community Services District - 1	West Cities Communication Center Joint Powers Authority - 0
Tiburon Fire Protection District - 32	West Contra Costa Healthcare District - 11
Trabuco Canyon Water District - 29	West County Wastewater District - 61
Tracy Rural County Fire Protection District - 3	West Plainfield Fire Protection District - 0
Transportation Agency for Monterey County - 13	Western Canal Water District - 10
Truckee Fire Protection District - 42	Western Riverside Council of Governments - 13
Tulare County Housing Authority - 0	Westlands Water District - 134
Tulare Mosquito Abatement District - 6	Wildomar Cemetery District - 3
Tuolumne Regional Water District - 0	Willow Creek Community Services District - 1
Tuolumne Utilities District - 83	Willow Oak Fire District - 0
Turlock Mosquito Abatement District - 16	Willows Cemetery District - 3
Twain Harte Community Services District - 10	Wilton Fire Protection District - 1
Twin Cities Police Authority - 59	Windsor Fire Protection District - 9
Ukiah Valley Fire District - 8	Winters Cemetery District - 3
Union Sanitary District - 172	Winters Fire Protection District - 5
United Water Conservation District - 46	Woodbridge Rural County Fire Protection District - 24
University Corporation - 109	Woodlake Fire District - 3
Upland City Housing Authority - 22	Woodside Fire Protection District - 72
Vallejo Sanitation and Flood Control District - 107	Yolo County Communications Emergency Services Agency - 32
Valley County Water District - 45	Yolo County Housing Authority - 42
Valley Mountain Regional Center, Inc. - 235	Yolo County In-Home Supportive Services Public Authority - 2
Valley of the Moon Fire District - 24	Yolo County Public Agency Risk Management Insurance Authority - 7
Valley of the Moon Water District - 13	Yolo County Transit Authority - 0
Valley Sanitary District - 9	Yolo County Transportation District - 7
Valley-Wide Recreation and Park District - 27	Yolo-Solano Air Quality Management District - 25
Ventura County Law Library - 5	Yuba County Water Agency - 27
Ventura County Transportation Commission - 18	Yuba Sutter Transit Authority - 2
Ventura Port District - 28	
Ventura Regional Sanitation District - 66	
	Total - 695

School Districts

Acalanes Union High School District - 562	Campbell Union High School District - 684
Alameda City Unified School District - 880	Castaic Union Elementary School District - 198
Albany City Unified School District - 336	Centinel Valley Union High School District - 918
Alta-Dutch Flat Union Elementary School District - 15	Cerritos Community College District - 902
Aurora High - 5	Charter Learning Center - 5
Berryessa Union Elementary School District - 771	Charter Oak Unified School District - 338
Bonita Unified School District - 551	Chatom Union Elementary School District - 22
Brisbane Elementary School District - 75	Compton Unified School District - 1,970
Burbank Unified School District - 548	Connecting Waters - 44
Burlingame Elementary School District - 218	County School Service - Alameda County Schools - 230
Campbell Union Elementary School District - 0	County School Service - Contra Costa County Schools - 577

Health Benefits Program

School Districts

County School Service - Napa County Schools - 183	Newman-Crows Landing Unified School District - 189
County School Service - Sacramento County Schools - 655	North Monterey County Unified School District - 491
County School Service - San Mateo County Schools - 559	North Orange County Community College District - 2,019
County School Service - Stanislaus County Schools - 413	Ohlone Community College District - 371
County Superintendent of Schools Office - 1,850	Ophir Elementary School District - 2
Culver City Unified School District - 677	Orinda Union School District - 258
Davis Joint Unified School District - 573	Pacifica School District - 371
Duarte Unified School District - 359	Palos Verdes Peninsula Unified School District - 1,094
Dublin Unified School District - 229	Paradise Elementary School District - 17
El Camino Community College District - 987	Penryn Elementary School District - 10
El Monte Elementary School District - 1,003	Pittsburg Unified School District - 818
El Segundo Unified School District - 228	Pope Valley Union Elementary School District - 5
Empire Union Elementary School District - 376	Ravenswood City Elementary School District - 421
Fairfield-Suisun Unified School District - 1,504	Redwood City Elementary School District - 927
Fillmore Unified School District - 369	Reed Union Elementary School District - 131
Fremont Unified School District - 2,060	Rio Hondo Community College District - 664
Garfield Charter School - 58	Riverbank Unified School District - 264
Gavilan Joint Community College District - 244	Ross Elementary School District - 51
Golden Valley Charter School - 10	Ross Valley Elementary School District - 189
Hayward Unified School District - 1,640	Sacramento City Unified School District - 3,336
Hickman Elementary School District - 72	San Bruno Park Elementary School District - 291
Hillsborough City School District - 119	San Carlos Elementary School District - 181
Holtville Unified School District - 3	San Mateo County Community College District - 1,450
Howell Mountain Elementary School District - 10	San Mateo Union High School District - 1,261
John Swett Unified School District - 150	San Mateo-Foster City School District - 900
Knights Ferry Elementary School District - 9	San Rafael City Elementary School District - 328
Knightsen School District - 26	San Rafael City High School District - 276
La Grange Elementary School District - 4	Santa Monica Community College District - 1,048
Las Lomas Elementary School District - 122	Santa Monica-Malibu Unified School District - 1,455
Las Virgenes Unified School District - 882	Saugus Union Elementary School District - 542
Liberty Union High School District - 313	Sequoia Union High School District - 1,139
Little Lake City Elementary School District - 396	South Pasadena Unified School District - 357
Los Nietos Elementary School District - 201	South San Francisco Unified School District - 1,092
Lowell Joint Elementary School District - 272	South Whittier School District - 399
Magnolia Elementary School District - 569	Temple City Unified School District - 278
Martinez Unified School District - 384	Turlock Joint Elementary School District - 416
Menlo Park City Elementary School District - 255	Turlock Joint Union High School District - 226
Millbrae Elementary School District - 218	Vacaville Unified School District - 608
Modesto City Elementary School District - 2,498	Valle Lindo Elementary School District - 93
Moreland Elementary School District - 30	Vallejo City Unified School District - 1,886
Morgan Hill Unified School District - 607	Waterford Unified School District - 163
Mountain House Elementary School District - 1	West Contra Costa Unified School District - 4,449
Mt. Diablo Unified School District - 3,254	Whittier City Elementary School District - 575
Mt. Pleasant Elementary School District - 184	William S. Hart Union High School District - 1,485
Mt. San Antonio Community College District - 1,234	Wisburn Elementary School District - 163
Napa Community College District - 387	
Napa Valley Unified School District - 0	
	Total - 114

Deferred Compensation Program

By saving for the future, CalPERS members can face the road to retirement with confidence. CalPERS helps by providing an important tool to meet future needs — the CalPERS 457 Deferred Compensation Program. As of June 30, 2004, this program was adopted by 489 public agencies.

During fiscal year 2003-04, membership grew to 17,332, up from 15,687. Assets increased from \$279.6 million to \$371.1 million, as a result of \$74.1 million in contributions, investment gains of \$33.5 million, and distributions and withdrawals paid to participants of \$16.1 million.

Designed with high standards of quality and service, the CalPERS 457 Deferred Compensation Program is a way to defer a portion of pre-tax salary into investments of an individual's own choosing. It is a deferred compensation program that allows both the amount deferred, and the amount earned on the investment, to be protected from income tax until the money is taken out during retirement. The program complements the retirement benefit plans offered by CalPERS.

State law enacted in 1990 allowed CalPERS to make the deferred compensation program available to all California public agencies. This includes counties, cities, special districts, and school districts. The CalPERS 457 Deferred Compensation Program meets all federal requirements of eligible deferred compensation plans organized under the Internal Revenue Code.

The program offers participants 14 investment options. Eight separate "core" funds have been created specifically for this program, or participants can choose from three lifestyle options that automatically invest their money in a conservative, moderate, or aggressive investment mix of core funds. All of these funds are managed by CalPERS staff and its professional investment managers, according to strict investment objectives and performance standards set by the CalPERS Board of Administration. In addition to the core funds and lifestyle funds, participants are offered three options to invest in federally-insured bank certificates of deposit, an Insured Money Market Account, or through a discount brokerage service that lets them select from more than 3,000 retail mutual funds through a self-managed account.

Participating Public Agency Summary

Counties	17
Cities	81
Community Services Districts	22
Police & Fire Protection Districts	37
Health Agencies	5
Housing Authorities	8
Insurance Groups	11
Irrigation/Reclamation Districts	8
Libraries	13
School Districts	100
Water Districts	57
Other Districts	81
Other Public Agencies	49
Total	489

The CalPERS Board controls the investment and administrative functions of the CalPERS 457 Deferred Compensation Program. The assets are held in trust by the Board for the exclusive benefit of participating employees, which adds security.

The program delivers its investments and services at low cost through a simple fee structure. There are no hidden costs or restrictions on investments. Total fees for administration and investment management of the core funds are less than 1 percent, half of what other programs typically charge. By paying less in fees, participants are able to invest more and earn returns building up their account over time.

Deferred compensation programs provide an immediate tax break and the advantage of the full earning power of the investor's money. Because earnings automatically reinvest tax free, the savings potential grows significantly over time. The CalPERS 457 Deferred Compensation Program offers valuable trust protection public agency employees can count on to secure their retirement savings.

The financial statements for this program are in this report as part of the Financial Section and the accompanying notes and schedules.

Long-Term Care Program

The CalPERS Long-Term Care (LTC) Program provides financial protection to members from the high cost of extended care that may be caused by illness, injury, or the frailty of old age. Six out of every 10 people over the age of 65 will need such care. Unfortunately, these types of personal services are not covered by regular health insurance or Medicare.

The CalPERS LTC Program is a self-funded, not-for-profit, member-paid program that continues to add substantial membership on an annual basis. During fiscal year 2003-04, membership grew to 172,792 from 172,680 last year, and annual premiums were \$240.0 million, which increased from \$200.9 million for 2003. Additionally, the program reserve grew to more than \$1.2 billion, and \$51.6 million in benefits were paid on behalf of members, up from \$918.2 million and \$41.1 million, respectively.

Our LTC Program continues to be the largest and most respected long-term care program of its kind in the nation. Entering its eighth year, the CalPERS Long-Term Care Program is devoted to providing the best long-term care benefits with affordable premiums.

The financial statements for this program are in this report as part of the Financial Section and the accompanying notes and schedules.



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